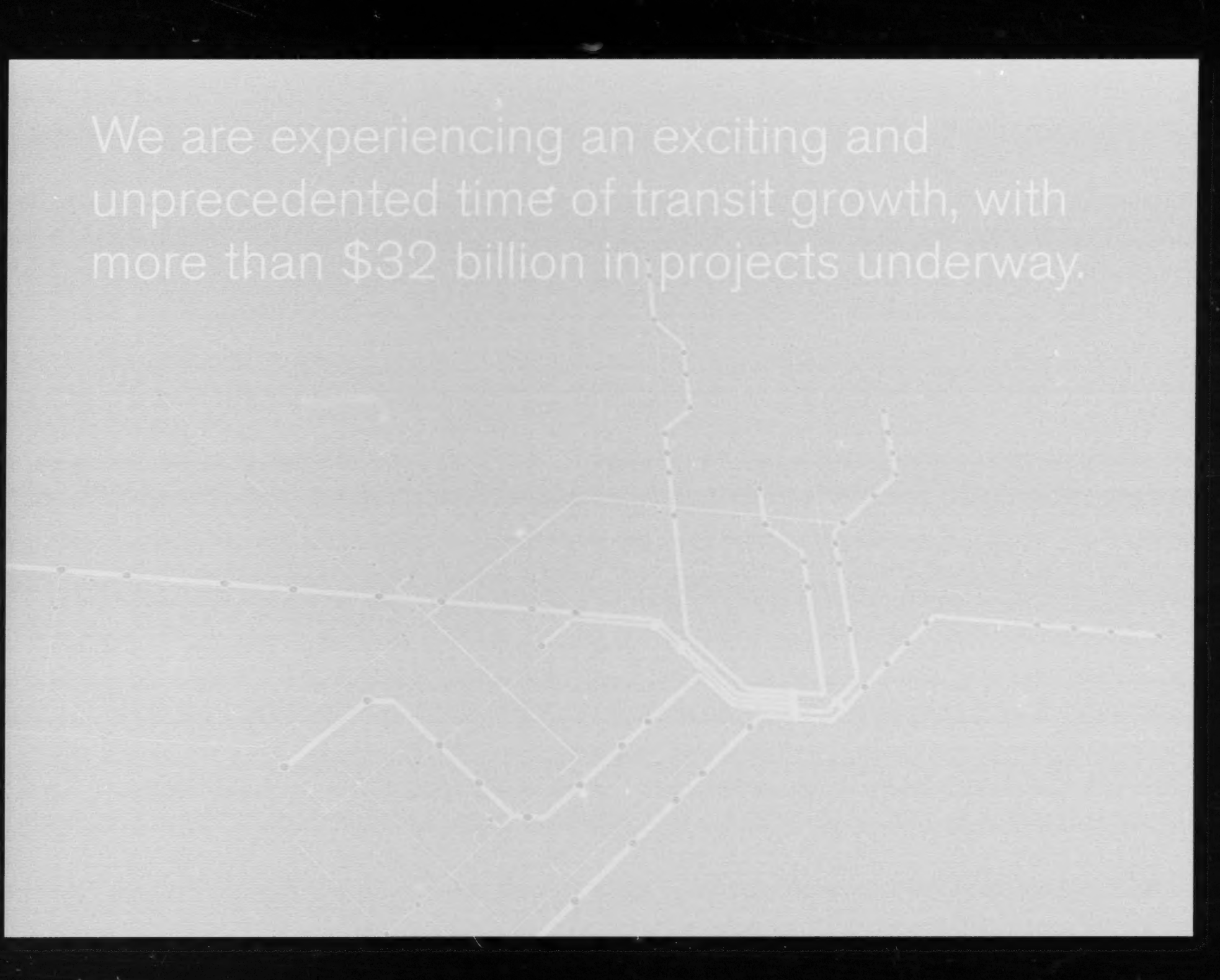
We are experiencing an exciting and unprecedented time of transit growth, with more than $32 billion in projects underway.



MESSAGE FROM THE CHAIR

J. Robert S. Prichard

The connections we're making across the Greater Toronto and Hamilton Area (GTHA) are transformative. We're expanding customers' choices with more frequent service and new routes. We're working with our partners on how fares across the region are paid. What hasn't changed is our emphasis on reliable, comfortable, friendly service – something you'll see reflected in the stories from our customers included in this report.

In the fiscal year 2015–16, Metrolinx made significant progress towards the realization of major capital projects – from rapid transit to the 10-year Regional Express Rail initiative, which will dramatically expand GO train service across the region. Four tunnel boring machines continued to carve out the Eglinton Crosstown Light Rail Transit line. New bus rapid transit went into service. And, across the region, we're laying tracks, building stations and preparing for electrification.

During the year, we ramped up GO Transit service, allowing more than 35,000 additional customers to connect to their destinations on GO trains and buses every day. We ensured that the Union Pearson Express launched on time and on budget, providing the promised 25-minute trip every 15 minutes during the Pan Am/Parapan Am Games and throughout the year. We also activated PRESTO on UP Express and all TTC streetcars, and are on track to achieve deployment across the TTC by the end of 2016.

Meanwhile, the Government of Ontario demonstrated its confidence in Metrolinx and our Regional Transportation Plan with significant investments in our projects. During the fiscal year, the province increased its funding for Moving Ontario Forward to $31.5 billion over 10 years (up from nearly $29 billion), including up to $1 billion towards the Hamilton LRT and $1.4 billion towards the Hurontario LRT. The province also announced that we would move ahead with the $1.2-billion Finch West LRT. In its March 2016 budget, the Government of Canada affirmed its commitment to investing in infrastructure through a $3.4 billion Public Transit Infrastructure Fund. Federal funding will be targeted to projects that, like many of Metrolinx's, increase capacity, enhance service and improve environmental outcomes.

It's been an exciting year, with so much visible progress. Through regional engagement and leadership, Metrolinx is driving growth, productivity, fairness, inclusion, security and opportunity in the GTHA. On behalf of the Board of Directors, I'd like to thank our exceptional staff for their work as we continue to plan, build and operate the transportation system our region needs, making connections between the people and the communities we serve.

Sincerely,

J. Robert S. Prichard
Chair, Metrolinx

MESSAGE FROM THE CEO

Bruce McCuaig

Ten years ago, the Government of Ontario created Metrolinx to improve the coordination and integration of all modes of transportation in the Greater Toronto and Hamilton Area (GTHA). Over the past decade, we've been planning, building, operating and connecting, taking large and small projects from vision to reality.

This year, we opened new facilities across the region, including Union Station's GO York Concourse in downtown Toronto, the Erin Mills Transitway Station park and ride, and Hamilton's West Harbour GO Station. UP Express started running between Union Station and Pearson International Airport. PRESTO expanded to UP Express and across the TTC, boosting the number of cards in circulation by more than half a million. We also engaged with communities across the GTHA through the Metrolinx Regional Tour, which attracted 116,000 visitors, and through focused outreach opportunities addressing specific projects and initiatives. It is the residents and businesses across the region who will use the transportation system we're creating, so they must have a role in shaping it.

It has taken an immense amount of work by our dedicated staff to achieve our goals on the aggressive schedule necessary to keep the region moving. I'm very proud of the Metrolinx team. Whether they're driving our vehicles, assisting customers over the phone, constructing new rail lines, bridges and stations, or developing the blueprints for tomorrow's transit infrastructure, there is a consistent determination to go above and beyond.

We were recognized this year as one of Canada's Top Employers for Young People, one of Greater Toronto's Top Employers and one of Canada's Most Admired Corporate Cultures in the Broader Public Sector category. That's external validation of what I already know: we offer unique opportunities in an environment that supports and rewards energy, talent and commitment.

This is how we are accomplishing everything we set out to do. This is how we are delivering on our mandate and helping people and products move more efficiently around the GTHA. This is how we will continue creating connections.

Sincerely,

Bruce McCuaig
President & CEO, Metrolinx

GOVERNANCE STRUCTURE & BOARD OF DIRECTORS

Metrolinx is a corporation established by the Province of Ontario under the *Metrolinx Act, 2006*. Metrolinx's Board of Directors and CEO are appointed by the Lieutenant Governor in Council on the recommendation of the Minister of Transportation.

The Board of Directors governs the Corporation and provides strategic direction and oversight for Metrolinx's activities and operations. The Board meets at least six times a year, including four meetings that have sessions open to the public.

J. Robert S. Prichard
Chair, appointed May 14, 2009 with a current term expiring September 3, 2016.

Upkar Arora
Appointed September 8, 2015 with a term expiring September 8, 2018.

Rahul Bhardwaj
Appointed May 14, 2009 with a current term expiring January 13, 2019.

Bryan Davies
Appointed September 8, 2015 with a term expiring September 8, 2018.

Iain Dobson
Appointed April 16, 2014 with a term expiring April 16, 2017.

Janet Ecker
Appointed October 31, 2012 with a current term expiring October 31, 2016.

Bill Fisch
Appointed September 30, 2015 with a term expiring September 30, 2018.

Anne Golden
Appointed April 16, 2014 with a term expiring April 16, 2017.

Marianne McKenna
Appointed July 18, 2012 with a current term expiring July 18, 2018.

Rose M. Patten
Appointed May 14, 2009 with a current term expiring January 13, 2019.

Bonnie Patterson
Appointed July 18, 2012 with a current term expiring July 18, 2018.

Howard Shearer
Appointed July 18, 2012 with a current term expiring July 18, 2018.

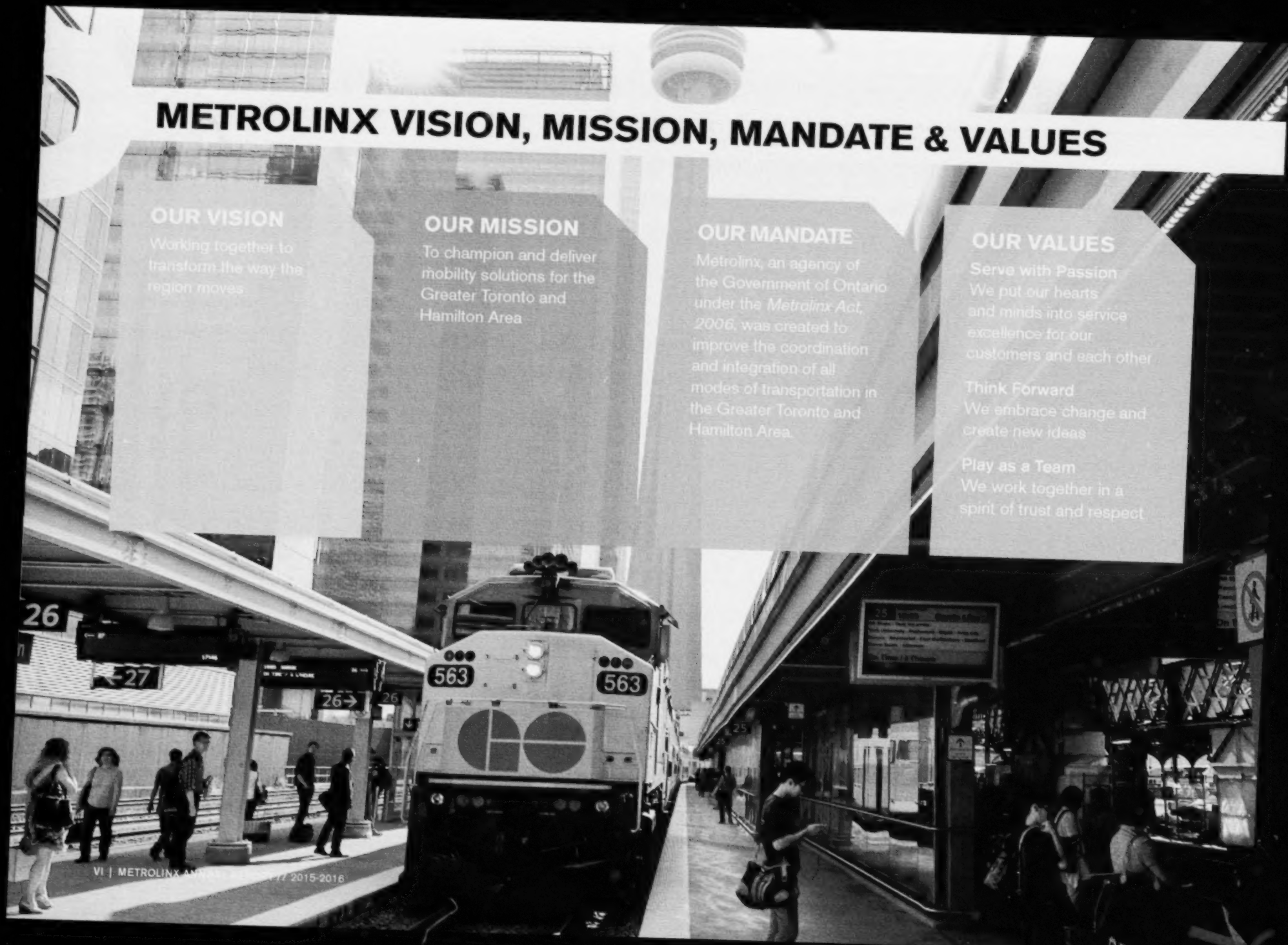
Carl Zehr
Appointed September 8, 2015 with a term expiring September 8, 2018.

Bruce McCuaig
President and CEO of Metrolinx, is also a member of the Board, appointed September 4, 2010 with a current term expiring September 4, 2016.

We'd like to thank each Board member for contributions made in 2015–16.

In addition, we'd like to thank Vice Chair Stephen Smith for his contributions to the GO Transit and Metrolinx Boards.

METROLINX VISION, MISSION, MANDATE & VALUES



OUR VISION

Working together to transform the way the region moves

OUR MISSION

To champion and deliver mobility solutions for the Greater Toronto and Hamilton Area

OUR MANDATE

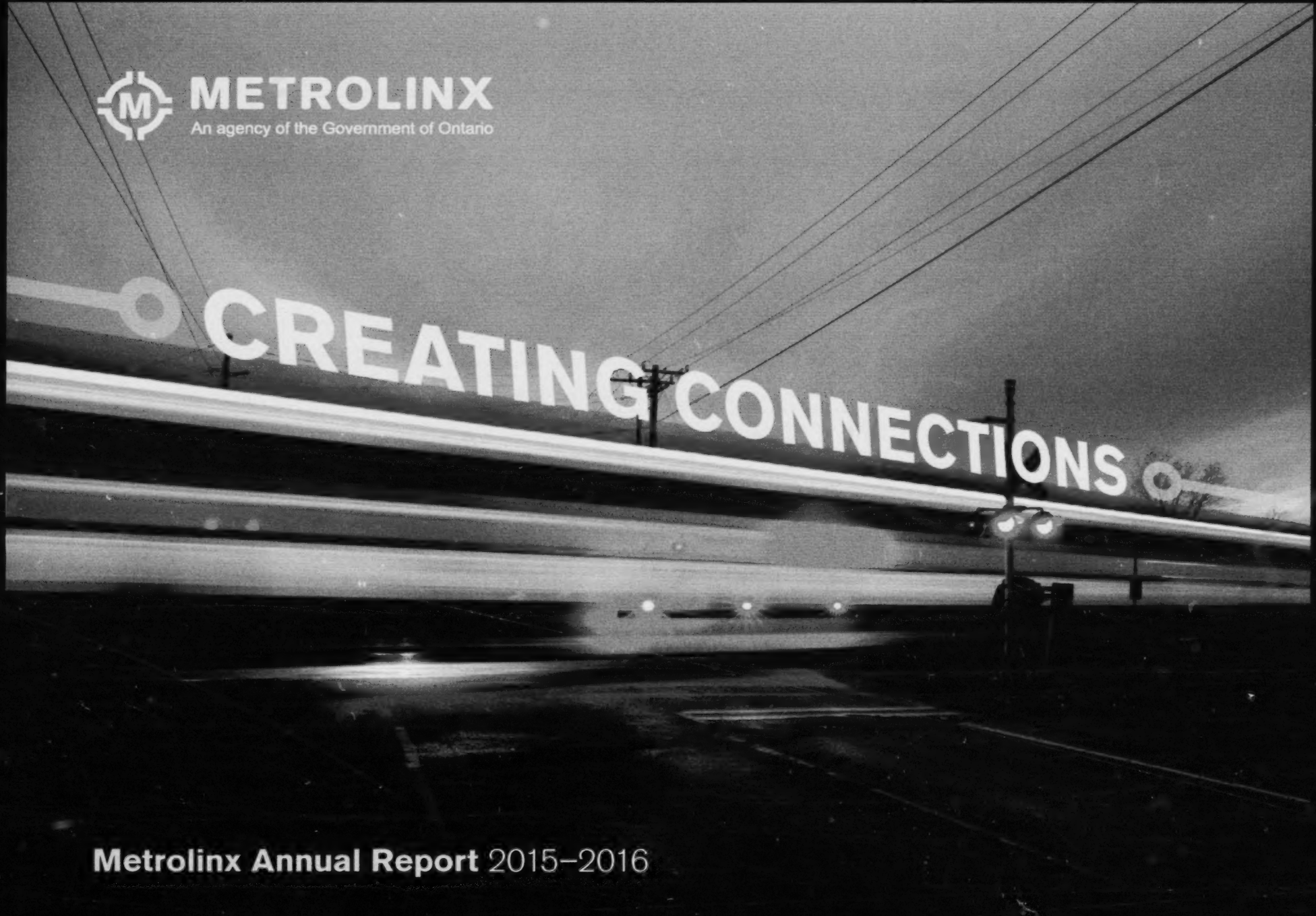
Metrolinx, an agency of the Government of Ontario under the *Metrolinx Act, 2006*, was created to improve the coordination and integration of all modes of transportation in the Greater Toronto and Hamilton Area.

OUR VALUES

Serve with Passion
We put our hearts and minds into service excellence for our customers and each other

Think Forward
We embrace change and create new ideas

Play as a Team
We work together in a spirit of trust and respect



Metrolinx Annual Report 2015–2016

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Acronym legend

Bus Rapid Transit	**BRT**
Greater Toronto and Hamilton Area	**GTHA**
Light Rail Transit	**LRT**
Regional Express Rail	**RER**
Regional Transportation Plan	**RTP**
Transit Procurement Initiative	**TPI**
Transit Project Assessment Process	**TPAP**
Union Pearson Express	**UP Express**

For 10 years, Metrolinx has been creating connections. Founded in 2006 as an agency of the Government of Ontario, we are planning, building and operating an integrated, efficient, sustainable transportation system that links people, places and businesses.

That's why every visionary design, every station built and track laid, every wheel turning on rails and roads supports prosperity across the GTHA. Because everything we do connects the engines of transit and the engines of our economy.

In our 10th year, we accomplished key goals set out in the 2015–16 Metrolinx Business Plan:

- We moved forward on the 10-year plan to expand GO train service
- We increased GO Transit peak and off-peak service
- We launched the Union Pearson Express
- We activated PRESTO at 12 more TTC stations and on all TTC streetcars
- We awarded the contract to design, build, finance and maintain the Eglinton Crosstown LRT project to Crosslinx Transit Solutions (Crosslinx)
- We opened more than five additional kilometres of BRT
- We helped attendees and GTHA residents move easily around the region during the Toronto 2015 Pan Am/Parapan Am Games
- We increased our focus on the customer experience:
  - we made changes to our GO passenger charter based on customer feedback
  - we launched our PRESTO customer charter
  - we introduced a new UP Express fare structure to address customer concerns

So, as we work to realize our long-term strategic plan for the region, we are also making measurable short-term progress. We are experiencing an exciting and unprecedented time of transit growth, with more than $32 billion in projects underway. And, every day, it's getting easier to move around the GTHA – and easier to make connections.

There is growing consensus that infrastructure investment pays economic dividends.[1] GO Transit's RER initiative, for example, has a projected 3:1 ratio of economic benefits to cost.

[1] See for example www.broadbentinstitute.ca/infrastructure, www.cdhowe.org/pdf/Commentary_385.pdf and wwww.conferenceboard.ca/e-library/abstract.aspx?did=5425.

Regional Transportation Plan Review

Metrolinx's award-winning 25-year RTP, adopted in 2008, guides everything we do. Since we introduced the plan eight years ago, we have committed roughly $16 billion to hundreds of projects across the GTHA and made significant progress on building a more integrated transit network with our partners across the region. We launched UP Express and we've deployed PRESTO across 10 transit agencies in the GTHA including GO Transit and UP, as well as OC Transpo in Ottawa. We opened the new GO York concourse at Union Station and made infrastructure upgrades that have allowed for new GO train trips on the Kitchener line and the extension of the Lakeshore West line to the new West Harbour GO station. Other projects are underway with progress visible across the region, including the continuing revitalization of Union Station, the Eglinton Crosstown LRT and BRT in York Region and Mississauga.

It's an exciting and unprecedented time of transit growth for the Greater Toronto Hamilton Area. Through the *Moving Ontario Forward* plan, the province has committed to investing an additional $16 billion to transit in the GTHA over the next 10 years to advance even more projects from our RTP. Thanks to this investment, we are moving ahead with a massive expansion and transformation of the GO train network and planning new light rail projects in Hamilton, Peel and Toronto. Building upon the success of our original RTP, in June 2015 we began a formal review of the plan as mandated by the *Metrolinx Act, 2006*. To date, we have conducted new technical research and analysis focused on land use, population and employment forecasts to 2041, sustainability, the transit network, roads and highways, urban freight, public health, active transportation, social equity and the customer experience.

We are working closely with the Ontario government to align the RTP with its coordinated review of the Growth Plan for the Greater Golden Horseshoe.

In 2015–16, we also:

- Consulted with academics and non-governmental organizations from a range of transportation-related fields
- Hosted eight full-day workshops for GTHA municipalities to introduce the review and get feedback on their transportation priorities
- Hosted a series of open houses the public could attend in person or online through metrolinxengage.com

The review proposes updates to the RTP's vision, goals and objectives, establishes a strategic evaluation framework and will result in a discussion paper shared for public and stakeholder feedback. By mid-2017, we plan to publish an updated RTP.

MILESTONE

To keep stakeholders and the public informed about the RTP review, we have published educational materials, such as the Regional Transportation Snapshot. We also launched a new web presence, metrolinx.com/theplan, as well as a public email address, theplan@metrolinx.com, in June.

Where do we need more stations?

To support more frequent GO train service, we want to make sure more people are within easy reach of a station. In 2015–16, we identified about 50 potential new locations and are evaluating each one based on 38 strategic, economic, technical and operational, and cost and revenue criteria, as well as municipal and public engagement. The analysis will inform recommendations on which new locations should proceed.

How can we improve access to stations?

People often make decisions about how they will travel based on the first mile and last mile of the journey. With more frequent GO train service, we want to make it easier to get to GO stations, so we're examining walking, cycling, transit, pick-up and drop-off and parking enhancements as part of a thorough update of the 2013 GO Rail Station Parking & Station Access Plan.

MILESTONE

During the year, in partnership with the City of Mississauga, we completed the master plan for the Port Credit GO Station area as part of a joint initiative with the private sector to redevelop this important transit hub, which will link GO Transit, the Hurontario LRT line and active transportation options. We also completed the Request for Qualifications process to identify a private sector partner to take on the mixed-use redevelopment project and the Metrolinx infrastructure design-build work, which resulted in the selection of three qualified proponents.

Fare integration

It should be easy and cost-effective for people to cross municipal boundaries and switch between transit systems. That's why we're working with our transit partners across the GTHA towards a consistent approach to transit fares in the region.

Throughout the year, we consulted with municipalities and other stakeholders, and engaged the public through in-person and online consultation. In February 2016, we presented to the Board five design principles to inform fare structure development:

PRESTO is the system through which we will implement an integrated GTHA-wide fare structure.

- Continuity, or similar pricing of trips serving similar markets: Local and rapid transit fares should be comparable for short trips, and rapid transit and regional fares should be comparable for medium-length trips
- Connected network: Fares should not penalize trips that require the use of multiple service types
- Generalized cost: Fares should be lower for slower service types than for faster service types
- Gradual increments: Fares that vary by distance should escalate consistently or in small increments and avoid large jumps
- Large/small zones: Fares should accommodate trips in both small zones (about three kilometres) and large zones (about seven kilometres). Large zones are more suitable for local transit. Smaller zones are more suitable for rapid and regional transit..

At the same time, we submitted three fare structure concepts, developed with our transit partners, for the Board to evaluate.

The next steps towards fare integration include analyzing technical findings, engaging with municipalities, and developing an implementation plan with the Ministry of Transportation in consultation with municipalities.

Our vision for integrated fares across the GTHA

In September, with our transit partners' active involvement, we established a vision for fare integration that will guide the Board's evaluation of potential fare structures.

FOR CUSTOMERS

- A customer-focused transit system – simple, harmonized and consistent
- A simplified customer experience– switching between systems is quick and hassle-free
- Fares that reflect the quality and value of the services provided

FOR TRANSIT SERVICE PROVIDERS

- Regionally integrated fare collection, product and policies
- An integrated system that respects the hierarchy of service needs, improves service and financial efficiencies, and improves competitiveness

FOR THE REGION

- Fares that complement existing and planned transit developments, helping to grow regional transit ridership
- A fare system that improves regional economic competitiveness, encourages residents to drive less and supports smart growth

Sustainability

Enhancing prosperity, sustainability and quality of life in the GTHA through transportation is a critical priority for Metrolinx. We are committed to identifying, understanding and taking action that addresses the environmental, social and economic issues impacting our business and our region. This fiscal year, we took steps to integrate sustainability into our work:

- We established a senior-level Sustainability and Innovation Steering Committee to oversee and guide the implementation of our commitment to sustainability
- We identified five key sustainability action areas – sustainable procurement, enhancing economic and social value for communities, climate resiliency, minimizing energy and emissions, and minimizing our environmental impacts from design and construction
- We held a workshop for 35 internal and external stakeholders to assess the vulnerability of six key Metrolinx assets to extreme weather and climate change; the results will inform the Metrolinx Climate Adaptation Plan, currently in development, which will help manage risks to facilities, practices and protocols for existing and future infrastructure

The Georgetown South Project team and community volunteers planted more than 500 trees in the Humber Arboretum and a local park in the spring of 2015.

- We began implementation of a Utility Data Management System, a powerful performance monitoring/improvement and decision-making tool to minimize energy consumption and cost

MILESTONE

In 2015, we established the Metrolinx Green Team with more than 300 Metrolinx employees as volunteer members – and in September it won the Transportation Association of Canada's Education Achievement Award for the "Journey to Achieving Energy Awareness" initiative.

MILESTONE

In April 2015, Metrolinx achieved Gold Level recognition in the American Public Transportation Association's (APTA) Sustainability Commitment, two years ahead of our target. With this recognition, Metrolinx has joined twelve select North American public transportation agencies who have attained Gold status.

Electrification

Electrification makes train service faster, more energy-efficient and more reliable, while reducing noise and greenhouse gas emissions. Metrolinx engaged an electrification technical advisor in June 2015, started collecting baseline conditions data in August, consulted with municipal officials in November and December, and held a first round of public meetings in February and March 2016. These are important first steps towards the electrification of the Lakeshore East, Lakeshore West, Barrie, Stouffville, Kitchener and Union Station corridors in support of GO expansion, and part of the region-wide formal Transit Project Assessment Process (TPAP).

Grade separations

Running road and rail routes at different elevations improves traffic flow and safety. As part of a system-wide approach to planning for grade separations, Metrolinx is assessing the existing level crossings in consultation with municipalities to determine which, if any, ought to be replaced with an underpass or overpass. We recognize that level rail–road crossings are important pieces of shared infrastructure with municipalities.

MILESTONE

In July 2015, the province of Ontario and the federal government announced joint funding for grade separations at Burloak Drive, Scarborough Golf Club Road, Galloway Road and Morningside Avenue. Metrolinx is working with local municipalities to complete environmental assessments to build these grade separations.

Urban freight

To promote economic prosperity and quality of life in the GTHA, goods and services must be able to move around the region efficiently. During the year, Metrolinx:

- Developed key performance indicators to measure progress on urban freight movement
- Updated the 2011 GTHA Goods Movement Study and Action Plan
- Worked with municipal partners on the second phase of the Goods Movement Framework and Implementation Plan
- Facilitated an Urban Freight Forum of private and public sector stakeholders
- Supported a pilot project, run by the Ministry of Transportation, focused on off-peak deliveries

Design excellence

Design excellence at Metrolinx is a Board-mandated commitment to high-quality design that improves the customer experience across all our capital projects. It is driven by functionality and informed by durability, sustainability, accessibility, beauty and value.

This past year for the first time, we took a network approach to design excellence with the Eglinton Crosstown LRT. Metrolinx participated in shaping the design of the Eglinton line stations and stops and provided feedback during the proponent selection and early design process. In October 2015, we co-presented with Crosslinx the design of stations and stops to the City of Toronto Design Review Panel and city staff. In February 2016 we invited shortlisted artists for the Eglinton Crosstown's integrated art initiative to submit proposals under a Request for Proposals (RFP).

Also during the year, we spearheaded development of the Davenport Diamond grade separation's innovative design, which includes elements that allow light under the guideway, stainless steel facing to reflect surroundings, and a landscaped greenway connecting local parks. We have been engaging with the community and working to address the concerns of nearby residents, and formally began the TPAP for the project with a Notice of Commencement on January 28, 2016.

Eglinton Crosstown LRT

Davenport Diamond grade separation

The Metrolinx Design Review Panel, which reviews all capital projects that cost more than $10 million and are in the public realm, analyzed eight projects this year:

- Richmond Hill GO Station
- Mimico GO Station
- Long Branch GO Station
- Bramalea GO Station
- Bronte GO Station
- Cooksville GO Station & Parking Structure
- Highland Creek Bridge
- Rouge River Bridge Expansion

As future GO stations are designed, they will conform to new station design guidelines established during the year. These guidelines include integrated seating, self-serve fare/information areas, a consistent GO-branded design and energy-efficient lighting that responds to the time of day and the availability of natural light. The objective of these features is to improve the customer experience and station accessibility.

Metrolinx is also working with municipalities to harmonize regional wayfinding, which is essential as the regional transit system becomes more complex. This year, in consultation with municipal partners, we developed interim Wayfinding Guidelines as part of the Regional Wayfinding Harmonization initiative, with the ultimate goal of making it easier for customers to connect seamlessly between services. In addition, we implemented a harmonized naming policy for the Eglinton Crosstown, including the principles that station and stop names be simple, logical, durable, self-locating and unique. As part of this initiative, we conducted online public and stakeholder engagement through metrolinxengage.com, in which we asked for feedback and comments on proposed Eglinton Crosstown station and stop names.

Davenport Diamond grade separation

Transit Procurement Initiative

Metrolinx's Transit Procurement Initiative (TPI) helps Ontario municipalities save money and improve transit operating efficiencies through joint transit procurement purchases.

The number of transit partners joining the program continues to grow, with five new municipal partners receiving Board approval to participate in joint procurement facilitated by TPI in 2015–16. It's clear more municipalities are seeing the value of joint procurements.

TPI has recently facilitated purchases of Intelligent Transit System/Automatic Vehicle Location (ITS/AVL), eight-metre specialized accessible buses and 12-metre conventional transit buses for our transit partners.

TPI awarded its most recent contract for twelve-metre diesel, hybrid and CNG buses to Nova Bus of Quebec, a division of the Volvo Group.

BUILD // Connecting rails and ties, bricks and mortar

GO Transit expansion

The $13.5 billion capital program to dramatically expand GO train service across the region will result in new tracks, new trains, new bridges and tunnels, and new and improved stations, transforming the existing GO commuter rail system with electrified service every 15 minutes in core areas – in both directions, during weekdays, evenings and weekends.

We're working on every rail corridor to prepare for the service expansion, and we've placed a significant focus on keeping communities well informed about, and engaged in, our planning process. Our community outreach activities are covered in more detail starting on page 23.

BARRIE CORRIDOR

- We installed a new centralized traffic control signal system from Aurora to Barrie
- We started construction on the new Downsview Park GO Station that will integrate with the new TTC subway station
- We completed the TPAP for the new Caledonia GO Station that will integrate with the Eglinton Crosstown LRT
- We started the TPAP for the Davenport Diamond grade separation
- We started the TPAP to add a second track to the corridor
- We started work to modernize several stations

KITCHENER CORRIDOR

- We completed all required track and signal work, including the UP Express storage track in Mississauga, to support the launch of UP Express
- We reopened street rail crossings on Strachan Avenue, Carlingview Drive and Denison Road following grade separation work
- We started installation of the pedestrian bridge for John Street in Weston

LAKESHORE WEST CORRIDOR

- We opened the Clarkson GO Station pedestrian bridge over Sheridan Creek
- We started work on the Mimico GO Train Layover Facility

LAKESHORE EAST CORRIDOR

- We completed station improvements at Scarborough GO Station, including repair of pedestrian tunnels and a new walkway
- We started station improvement work at Guildwood GO Station and construction of a new station building at Oshawa GO Station
- We started work on a new pedestrian bridge at Ajax GO Station

MILTON CORRIDOR

- We started construction work to increase capacity at the Milton GO Train Layover Facility
- We started design work on upgrades to Kipling GO Station, including a new bus terminal

STOUFFVILLE CORRIDOR

- We started construction on a second track between Agincourt and Milliken GO stations
- We studied grade separations for the corridor, including working with the City of Toronto on the Steeles grade separation
- We did planning and design work for station modifications on the corridor

RICHMOND HILL CORRIDOR

- We completed over 75% of the design work for Bloomington GO Station, the new northern terminus
- We extended the platform at Richmond Hill GO Station to accommodate 12-car trains
- We completed more than 75% of the construction for the new Gormley GO Station

To support service expansion across all corridors, we have started construction work on the East Rail Maintenance Facility, designed to accommodate electric vehicles, and initiated the GO Transit Train Control System project, which will provide rail traffic control throughout our network.

Integrating expanded GO Transit service with SmartTrack

Metrolinx and the City of Toronto have worked together towards a mutually agreed upon solution for integrating new SmartTrack stations and service with GO Transit, as well as options for an enhanced Eglinton West LRT. We continue to work closely with the City to provide input and ensure ongoing project coordination.

Relieving overcrowding on the Yonge TTC line

The Yonge Relief Network Study now incorporates GO Transit's service expansion plans, which will provide significant relief in the short and medium term. The focus of Metrolinx's work with the City of Toronto, Region of York and TTC has turned to longer-term congestion relief.

UNION STATION

We reached the first major milestone in the revitalization of Union Station when we opened the 62,000-square-foot GO York Concourse in April 2015. GO Bay Concourse closed in August for renovations that will provide additional stairwells, better platform access, more sales and self-service options for customers, connections to the new retail level, and an improved, accessible connection to the PATH system.

At the same time, we're improving the Union Station Rail Corridor. We reopened Platform 3 and Tracks 1 and 2 in April and are proceeding with the next stage of trainshed rehabilitation.

We are modernizing the signal system to improve reliability and allow trains to move more quickly through the Union Station Rail Corridor, while maintaining our high safety standards and reducing operating costs. The upgrades to the more than 80-year-old signalling system will ensure GO Transit can prepare for the anticipated doubling of ridership over the next 10 to 20 years.

As part of the electrical enabling works program, we installed three power distribution modules and generators in the Union Station Rail Corridor at John, Scott and Cherry streets. Additionally, we completed significant work on the cable network, retaining walls and gas lines.

Rapid transit

Metrolinx is moving forward on the largest rapid transit expansion in the region's history. Rapid transit – running above and below ground and connecting the region – will connect people with jobs and help to ease congestion.

LRT and BRT run on dedicated lines and lanes, separating travellers from traffic while providing comfortable, convenient, reliable and fast service. Metrolinx is moving forward with several LRT and BRT projects within the GTHA, which will connect to existing local transit services and GO Transit.

EGLINTON CROSSTOWN LIGHT RAIL TRANSIT

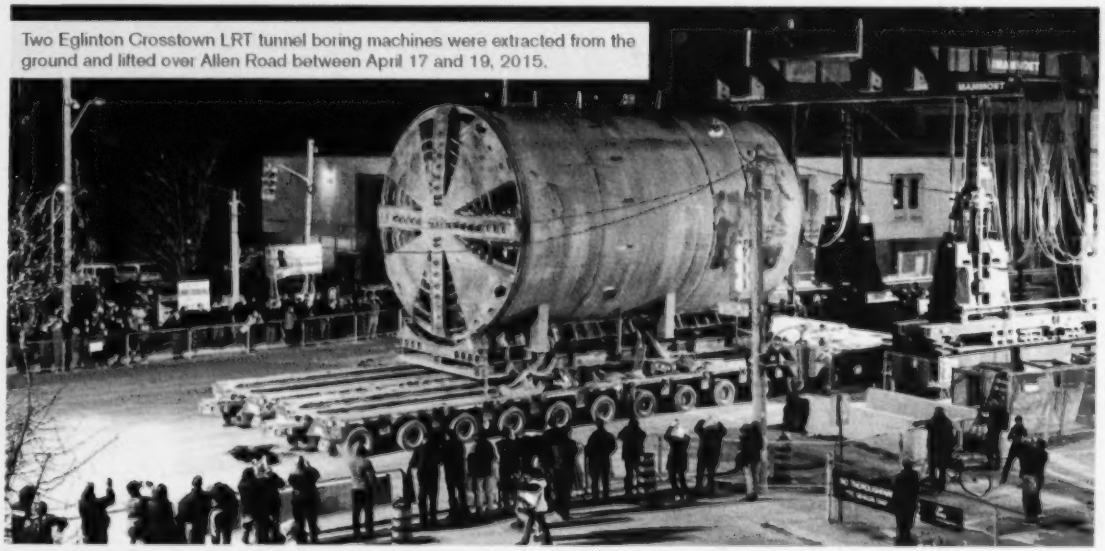
- Four tunnel boring machines are carving out the underground portion of the Eglinton Crosstown LRT line:
  - Dennis and Lea, tunnelling from the west, reached the west side of Allen Road and were relaunched on the east side in June 2015; they were nearing the extraction site near Yonge Street by the end of the fiscal year
  - Don and Humber, tunnelling from the east, began work in September
- This year, we finalized all station names and released the first design renderings for the underground stations
- Construction started on the future Keelesdale Station, the first of 25 stations to be built for the Eglinton Crosstown

FINCH WEST LIGHT RAIL TRANSIT

- The Finch West LRT project moved ahead this year with support from the province
- We issued the RFP to the shortlisted design-build-finance-maintain proponents in February 2016
- We completed the reference concept design for future stops between Humber College and Westmore Drive

HURONTARIO LIGHT RAIL TRANSIT

- The province announced funding for the Hurontario LRT project, which, in accordance with a later Brampton City Council decision, will run from Port Credit GO Station in Mississauga to Steeles Avenue in southern Brampton rather than to Brampton GO Station as originally planned.
- We drafted memoranda of agreement with Brampton, Mississauga and Peel Region
- We selected an owner's engineer and technical advisor for the project



Two Eglinton Crosstown LRT tunnel boring machines were extracted from the ground and lifted over Allen Road between April 17 and 19, 2015.

HAMILTON LIGHT RAIL TRANSIT

- The province announced funding for the Hamilton LRT project
- We established a joint project office with the City of Hamilton at Hamilton GO Centre
- We are working on environmental assessments

MIWAY BUS RAPID TRANSIT

- Erin Mills station and the Square One GO Bus Terminal, both built by Metrolinx, opened this year
- The City of Mississauga completed the Tahoe and Etobicoke Creek stations
- We continued work to build the Winston Churchill and Renforth Gateway stations, while the City of Mississauga worked on construction of the Spectrum and Orbitor stations

VIVANEXT BUS RAPID TRANSIT

- The VivaNext Davis Drive rapidway opened in November 2015
- There are now nine VivaNext kilometres completed and in service, or about 25% of the finished project

OPERATE // Connecting communities

GO Transit expansion

With GO Transit's service enhancements during the year, more than 35,000 additional passengers can connect to their destinations every day – 30,000 on our trains and more than 5,000 on our buses. We introduced more service along the Lakeshore East, Lakeshore West and Milton lines, and started running midday weekday train trips between Brampton and Toronto.

We also welcomed passengers to new and enhanced facilities across the region. Union Station's York Concourse opened in April. The new Bloor GO Station and Weston GO Station buildings opened in June. The Hamilton West Harbour GO Station opened in July. During the year, we also opened Erin Mills Station and the new Square One GO Bus Terminal station building along the Mississauga Transitway.

Behind the scenes, supporting our operations, the manufacturer of our double-decker GO buses, Alexander Dennis Limited, opened an assembly and bus service facility in Vaughan, and we opened the Aberfoyle Bus Service and Storage Facility. The bus storage and maintenance facility we opened in Hamilton received LEED gold certification.

To enhance service reliability, we replaced more than 22,000 track ties on the Lakeshore West line, installed new signals on the Barrie line and updated our winter preparedness plan. In June, we launched a new preventative maintenance program that included repairing 50 switches and conducting 74 inspections.

Finally, to help people access GO Transit, we added 1,200 new parking spaces across the GTHA, including in King City, Oshawa, Stouffville, Aldershot, Weston, Bronte and Newmarket. In addition, the new park and ride facility at Erin Mills Transitway Station includes 300 parking spaces.

GO Transit by the numbers

69.5 million people boarded GO Transit trains and buses in 2015

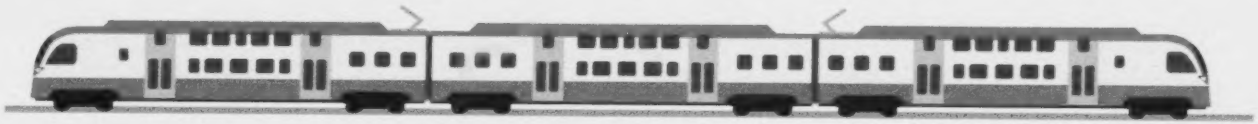
6,800 more seats per day added this year on **124 new weekend bus trips**

30,000 more seats per day added this year on **19 new train trips** and **six extended train trips**

79% of our riders would recommend GO Transit to others

5,300 more seats per day added this year on **96 new weekday bus trips**

94% of trains arrived within five minutes of their scheduled time



Supporting the Toronto 2015 Pan Am/Parapan Am Games

We ramped up service during the Pan Am/Parapan Am Games, running an additional 378 train trips and 188 bus trips. In July, GO Transit set a record with 7,270 train trips, allowing 25% more riders to travel along the Lakeshore West and Lakeshore East lines.

GO Transit staff and 200 Metrolinx volunteers helped spectators and commuters navigate the crowds and get where they needed to go. Their exceptional customer service was recognized in both traditional and social media.

> *GO proves a winner during Pan Am Games*
> – *Toronto Star*, August 19, 2015

> *GO Transit saves the day for two lost Pan Am fans*
> – CBC News, July 21, 2015

UP Express Pan Am Torch

GO Transit enhanced access to Toronto Pearson International Airport during the year. The Hamilton to Square One bus route was extended to Pearson, and route improvements reduced travel time from Yorkdale GO Station to Pearson.

Passenger charter commitments: performance in 2015–16

In November 2015, we celebrated the fifth anniversary of our passenger charter – a set of promises that our customers have told us are just as important to them today as they were five years ago. Delivering on these promises continues to be a key focus for GO Transit.

As the fifth anniversary approached, we evaluated how we measure our commitments and made improvements based on customer feedback.

PREVIOUS MEASURE	ANNUAL TARGET	2014–15	NEW MEASURE	ANNUAL TARGET	2015–16
ON TIME					
We will run more than 94% of rush hour trains within five minutes of the scheduled time.	94%	92%	We will run more than 94% of trains within five minutes of the scheduled time.	94%	94%
We will have less than 1% of our scheduled trips cancelled or delayed over 20 minutes.	1.0%	0.7%	We will run more than 94% of buses within 15 minutes of the scheduled time.	94%	95%
SAFETY					
We will increase, year over year, the percentage of customers who are satisfied with GO Transit's safety as measured by our customer survey.	80%	89%	We will have 30 or fewer complaints per 1,000,000 boardings regarding safety.	30	27
KEEPING YOU IN THE KNOW					
We will increase, year over year, the percentage of customers who are satisfied with GO Transit's communication as measured by our customer satisfaction survey.	77%	75%	77% of our customers will be satisfied with GO Transit's communication as measured by our customer satisfaction survey.	77%	70%
			We will have 30 or fewer complaints per 1,000,000 boardings regarding service status communication.	30	24
COMFORTABLE EXPERIENCE					
We will strive to have seats available for every passenger on 80% of weekday rush hour train trips.	80%	66%	We will have 30 or fewer complaints per 1,000,000 boardings regarding comfort in stations, trains and buses.	30	22
We will increase, year over year, the percentage of customers who are satisfied with the cleanliness of GO Transit managed stations as measured by our customer satisfaction survey.	82%	84%			
HELPFULNESS					
We will reduce the average time to address customer concerns to within two business days.	2 business days	3.5 business days	We will ensure 85% or more of customer inquiries/ concerns are resolved the first time they contact us.	85%	97%
We will answer 80% of telephone calls within 20 seconds or less.	80%	73%			

MILESTONE

Beginning in June 2015, we piloted free WiFi on select GO buses. Throughout the year, we continued to expand the number of GO stations with WiFi.

MILESTONE

October 2015 saw the start of our GO Connect pilot in Milton. Customers used the web or a mobile app to reserve and prepay a door-to-door shuttle service operated by Milton Transit and local taxis. Insights from this temporary pilot project will help us develop a system-wide approach to using this type of technology for station access.

MILESTONE

In October 2015, riders experienced the first of 127 new GO rail cars. They're more comfortable, with improved ergonomic seating, better lighting and more space for bags and luggage. They're also safer, with enhanced crash management features.

PRESTO Connecting transit agencies

PRESTO expanded across the TTC network in 2015–16. As more people and more transit agencies adopt PRESTO, travel across transit agency boundaries becomes more integrated and seamless.

During the year, PRESTO was introduced at 12 more TTC subway stations, for a total of 27, and on all in-service TTC streetcars. The pilot test of new fare gates at Main Street Station began in March 2016. It is an important step towards implementing PRESTO at all 42 remaining TTC subway stations this calendar year. We also began installing PRESTO on the TTC's 1,800 buses and 500 Wheel Trans vehicles, as well as new streetcars that entered the fleet.

In the fall, we completed a pilot test of mobile fare validators on select York Region Transit para-transit vehicles. We're formalizing the program so it can be rolled out to para-transit vehicles at all PRESTO-enabled transit agencies, starting with the TTC's Wheel-Trans.

We're making it easier to use PRESTO. In 2015–16, we added 56 self-serve reload machines in PRESTO-enabled TTC subway stations, the GO Transit York Concourse and UP Express stations. We also completed a central operating system upgrade in January, enhancing self-serve functions on PRESTO's website, enabling key features of the TTC rollout, and improving transit agency interoperability.

MILESTONE

In February 2016, PRESTO launched its first Customer Charter, our commitment to provide the best possible experience to our customers. Results from our 2015 customer satisfaction survey show that most customers already believe PRESTO is convenient (95%), easy (94%), efficient (91%) and seamless (82%).

PRESTO Executive Vice-President Robert Hollis, TTC CEO Andy Byford and Metrolinx President & CEO Bruce McCuaig celebrate the new PRESTO fare gates at Main Street station.

PRESTO by the numbers

- 1.95 million cards as of March 2016 – up 550,000 from March 2015
- 15.7 million taps on average per month throughout 2015
- 700,000 cross-agency transfers per month[2]
- 2,000 to 3,000 OC Transpo–GTHA transit agency transfers per month[2]

Top three PRESTO adopters

- **GO Transit:** 87.2% adoption rate
- **Brampton Transit:** 82.4% adoption rate
- **Oakville Transit:** 81.8% adoption rate

TELL US HOW YOU #TAPHAPPY FOR A CHANCE TO WIN $150 ON YOUR PRESTO CARD.
PRESTO
TAP ON. RIDE EASY.
Enter on by including #TapHappy and @PRESTOcard in your tweet.
Enter on by commenting on the contest post on Facebook.com/PRESTOcard.
Celebrating over 2 million happy users and counting!
Learn more at PRESTOtaphappy.ca
METROLINX

Union Pearson Express

CONNECTING DOWNTOWN TORONTO TO THE WORLD

Metrolinx launched North America's first dedicated air–rail link on June 6, 2015, on time and on budget. UP Express speeds passengers between Union Station and Toronto Pearson International Airport, including stops at Bloor Station and Weston Station. On-time performance has been very high since launch, averaging 97-98%.

To increase ridership and to address customer concerns, we introduced a new fare structure in March. The new structure aligns with GO fares, provides significant price reductions for travel to the airport and offers more options for those travelling from Weston and Bloor stations to the downtown core. We reinforced the announcement with a robust and sustained marketing and awareness campaign. With a PRESTO card, adults travel the whole way for $9, any two stops for $5.02, or any one stop for $4.71.

UP Express by the numbers

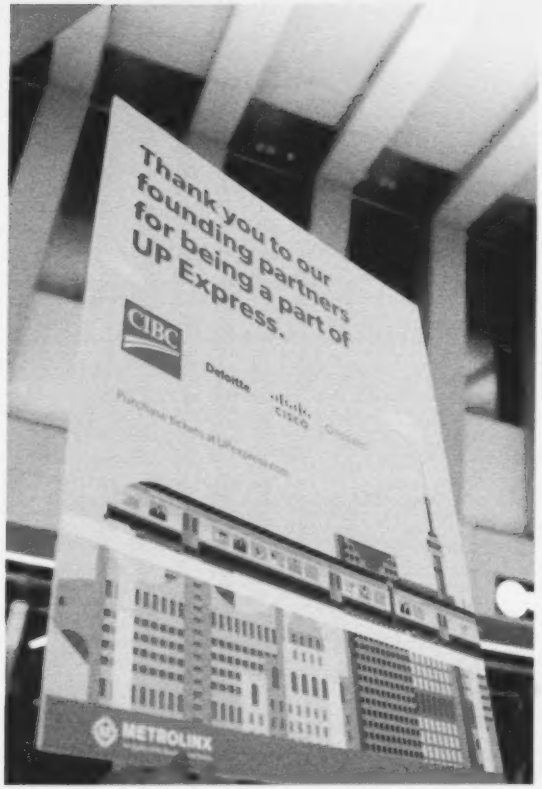
More than **46,000 trips** between June 6 and March 31

25.13 minutes on average between Union Station and Pearson

The UP Express mobile app lets customers buy tickets and connect to useful travel planning information from anywhere.

[2] During the first three months of 2016, excluding TTC.

UP Express retail partners.



In May 2015, UP Express and VIA Rail Canada announced a partnership that allows passengers booking VIA Rail itineraries at viarail.ca to add an UP Express ticket to their order – integrating the fare purchasing experience between the two rail services.

Customer service excellence

"We put our hearts and minds into service excellence for our customers and each other."

This statement accompanies one of Metrolinx's core values, Serve with Passion, and when it comes to their experiences with GO Transit, PRESTO and UP Express, our customers consistently tell us that we are living up to this value.

What GO Transit riders say

"It was cold and rainy tonight and I had over an hour to wait for my scheduled bus to Rockwood near Guelph. I thought I would catch the Georgetown GO bus out of Halton Hills and go anywhere in Georgetown to get out of the rain. [The bus driver] asked, 'Where are you going?' and when I replied 'Rockwood,' he said, 'You're going to wait in the cold and rain for an hour? I've got a lunch break right now – I will take you there.' I was so appreciative. And still am, now warm and safe at home.

"I am visually impaired. I live in downtown Toronto (Union), I am faculty at the U of T campus in Mississauga, and my family lives in Burlington... so I am on the GO frequently between these places. Especially with the recent construction and other changes, it is difficult to navigate this without the GO Customer Care Coordinators. They are reliable, professional, and funny, and help me and many others travel enjoyably and safely.

What PRESTO cardholders say

"If I could fall in love with a machine it would be the PRESTO card loader in the new GO Transit concourse. Tap-to-pay!

"[PRESTO] is the best thing since sliced bread! Makes moving people from point A to point B so much faster. Well done!

What UP Express riders say

"It was wonderful to ride on such a world-class piece of rail infrastructure in Toronto. It made me proud to be a Torontonian.

"I was finally able to take the UP Express today – what a fantastic new service by Metrolinx. The travel experience (especially with the PRESTO card) is exceptional.

Smart Commute

CONNECTING PEOPLE TO WORKPLACES

Smart Commute is a program of Metrolinx and the municipalities in the GTHA. Smart Commute helps anyone who is going from A to B explore and try out smart travel options such as walking, cycling, transit and carpooling.

In the lead-up to the Toronto 2015 Pan Am/Parapan Am Games, Smart Commute partnered with the Ministry of Transportation and TO2015 to provide transportation demand management support for GTHA workplaces.

We also recognized that the Games provided an opportunity to remind people in the region that they have commuting choices. Thanks to Smart Commute's efforts, a significant number of workplaces reported that employees changed their travel routines or behaviour during the Games – 33% during the Pan Am Games and 25% during the Parapan Am Games. Furthermore, 28% continued to incorporate these changed habits in their commutes after the Games.

Cycling is a smart commuting option that Metrolinx is supporting through a number of initiatives. In May, we coordinated the first-ever region-wide Bike to School Week and seventh annual municipal Bike to Work Day. In July, we announced a partnership with Bike Share Toronto that doubles the size of the current network.

We're also working to achieve the goal set out in the RTP that 60% of GTHA children will walk or cycle to school by 2031. In January, we formed the GTHA Active and Sustainable School Travel Regional Hub, which includes representatives from more than 60 organizations.

Also in January, in partnership with Crosstown Community Relations and Green Communities Canada, we began to help affected schools plan alternate access routes for disruptions caused by the construction of the Eglinton Crosstown LRT.

MILESTONE

The GO-Zipcar partnership expanded to eight new GO stations this year – for a total of 19 Zipcars at 14 GO stations.

MILESTONE

Smart Commute's online ride-matching tool surpassed 25,000 registrants this year – including 2,500 who signed up at the start of the Pan Am/ Parapan Am Games.

The ninth annual Smart Commute Awards, held in November, provided special recognition for efforts to support business continuity during the Pan Am/Parapan Am Games.

Triplinx

CONNECTING TRANSIT TO OTHER WAYS OF TRAVELLING

Metrolinx launched Triplinx in May 2015, with mobile apps following in July and August. Triplinx helps people plan travel around the GTHA whether they want to take transit, walk, cycle or drive. During the Pan Am/Parapan Games, more than 10,000 people used Triplinx every day. In December, Triplinx was integrated with the Smart Commute ride-matching tool to make travel planning even easier.

Community outreach

We are committed to an open, transparent process that keeps communities well informed as we plan, build and operate transit solutions across the GTHA. In July, we launched our Regional Tour to engage and educate the public about Metrolinx's projects and mandate. We hosted 116,000 visitors over 55 days at 13 festivals and events. Based on more than 850 visitor surveys, our interactions with the public during the Regional Tour boosted positive understanding of Metrolinx to 95%, up from 65%.

OUR REGIONAL TOUR VISITED:

- Barrie Kempenfest
- York Eglinton Festival
- Port Credit Buskerfest
- The Canadian National Exhibition
- Hamilton Supercrawl
- Government Services Fair
- Jane Finch Mall
- Urban Alley
- Markham Fair
- Ajax Pumpkinville
- Hamilton City Hall
- Mississauga Moves
- Royal Winter Fair

Additional public outreach and engagement initiatives focused on specific aspects of Metrolinx's work, including the RTP review, electrification, fare integration, rapid transit and accessibility. We also created a Regional Stakeholder Committee and seven Corridor Committees. These multi-sector committees include elected officials from all levels of government, as well as representatives from education, health care, labour and business associations. All in all, through these initiatives we held more than 280 meetings last fiscal year, many of them co-hosted with municipal partners, to engage residents, customers and stakeholders across the region.

Our Regional Tour engaged and educated the public about Metrolinx's projects and mandate.

We reached more than five million readers through *Metro* advertorials and more than four million readers through full-page *Toronto Star* stories, amplified by blogger outreach, with information about our major projects. and how they will get our region moving.

GO Transit expansion community relations

We held a number of meetings and provided several opportunities for residents to come out to learn about the capital program and changes that are coming to communities, including the first round of public consultations on the electrification of the network. Regular project meetings were held in Georgetown, Agincourt, Caledonia and Davenport. In Davenport, a Residents' Reference Panel of 36 community members provided recommendations that helped to inform the design of the overpass and the multi-use trail underneath. During the year, we also briefed MPs, Members of Provincial Parliament (MPPs) and local councillors on the impacts of expansion and improved transit options for their constituents. In addition, we met with local community groups and other stakeholders along our corridors in advance of TPAPs, including the ones that will facilitate the addition of a third track between Guildwood and Pickering GO stations, double-tracking the Barrie corridor and creating future layover facilities.

Following the federal election, we met with the new Minister of Infrastructure and Communities and began to brief all new Members of Parliament (MPs).

Light Rail Transit project community relations

EGLINTON CROSSTOWN

We launched the "Your Questions, Answered" video series at thecrosstown.ca to address commonly asked questions about topics such as construction above and under ground, supporting businesses and managing traffic. We also participated in seven street festivals and events organized by business improvement associations and local community groups, and hosted three open houses and six "thank you" events for our Eglinton Crosstown neighbours.

In October, we sought feedback on proposed station and stop names through two rounds of online consultations. In November, we invited contractors, small businesses and social enterprises to a full-day information session to learn how to get involved with the project – 240 people stopped by. We also held more than 50 meetings with stakeholders, 28 meetings with business improvement associations and 41 meetings with elected officials during the year.

The community relations team's outreach included providing localized advance notice of construction and encouraging residents in the neighbourhood to shop locally. We also welcomed questions and comments from residents and businesses over the phone, by email and at the two Eglinton Crosstown community offices.

FINCH WEST

We held an open house as part of the Environmental Assessment for the Maintenance & Storage Facility in June 2015.

We held three open houses to share the reference concept designs in January 2016.

As part of the Metrolinx Regional Tour, we visited Jane Finch Mall with our full-size light rail vehicle mock-up in the fall of 2015.

HAMILTON

We launched a dedicated project web page, metrolinx.com/HamiltonLRT, following the province's funding announcement in the spring of 2015.

The light rail vehicle mock-up visited Hamilton twice this past year: first at the James Street Supercrawl in September, and then as a standalone display in front of City Hall.

Community relations staff met regularly with interested residents and stakeholders.

HURONTARIO

We launched a dedicated project web page, metrolinx.com/HurontarioLRT, following the province's funding announcement in the spring of 2015.

Community relations staff met with community and stakeholder groups to discuss the project, with interest developing quickly following Brampton City Council's decision in the fall that the line would stop at Steeles Avenue.

Eglinton Crosstown Community Relations staff greet residents at a community event.

Community benefits

Metrolinx's vision for community benefits, outlined in the Community Benefits Framework endorsed by our Board, is aligned with the *Infrastructure for Jobs and Prosperity Act, 2015*, which received Royal Assent on June 4, 2015. The purpose of this Act is to establish mechanisms to encourage long-term infrastructure planning that supports job creation and training opportunities, economic growth and protection of the environment, and that incorporates design excellence.

We included community benefits as part of the Alternative Financing and Procurement (AFP) process to design, build, finance and maintain the Eglinton Crosstown LRT, and in July 2015, we awarded the contract to private consortium Crosslinx. As part of the contract, we required Crosslinx to submit a plan outlining its commitments to apprenticeship, employment and local procurement to Metrolinx and Infrastructure Ontario for review.

Metrolinx and its key partners, the Ministry of Training, Colleges & Universities, the Toronto Community Benefits Network and Infrastructure Ontario, are working closely with Crosslinx to finalize the Metrolinx Community Benefits Program for this project.

Community benefits are formally included in the RFP for the Finch West LRT, and are under consideration for several other projects.

A social approach

More and more, Metrolinx is using social media to assist with community relations. Our social media channels are now an integral part of our community and public engagement strategy as well as our communications strategy.

Metrolinx had 209 million Twitter impressions during the year, with a spike in December driven by an end-of-year contest, tweets about our Board meeting and holiday posts. Our most popular Facebook post was the "Ms. Efficient" video highlighting the benefits of the Mississauga Transitway, which was viewed more than 3,000 times, reached more than 8,200 people and was liked 162 times.

GO Transit doubled its Facebook fans during the fiscal year. One of its most popular Facebook posts was the "What gives?" video explaining delays because of switches, posted directly to Facebook during a winter storm. More than 4,000 people watched the video.

UP Express achieved 63.4 million Twitter impressions in the month of its launch, resulting from 8,663 mentions by an estimated 3,928 users. Between February 23 and March 31, 2016, coinciding with the fare change announcement and March Break, we had 82.6 million impressions, resulting form 7,795 mentions by an estimated 4,204 users. Our #ImOnUP hashtag generated 3.2 million impressions, resulting from 991 mentions by an estimated 495 users.

Throughout the year, **PRESTO** saw lots of engagement and excitement on Twitter about the rollout on TTC. Customers interacted by sharing images of PRESTO devices they spotted on TTC and beyond. One particularly effective social media strategy asked users to guess which station would be next to get PRESTO.

Twitter activity peaked for the Eglinton **Crosstown** during key project milestones: in April when the tunnel boring machines were lifted across Allen Road, in mid-June as crews prepared to relaunch the machines, in late July when the project contract was awarded, and in early March when we started construction on the first station.

Social media by the numbers

	FACEBOOK FANS	TWITTER HANDLE	TWITTER FOLLOWERS	TWITTER MENTIONS	YOUTUBE VIEWS	INSTAGRAM FOLLOWERS
Metrolinx	14,498	@Metrolinx	21,300	37,300	30,363	2,500
GO Transit	14,000	@gotransit	50,281	45,742	73,384	2,476
UP Express	14,494	@UPexpress	5,558	42,206	21,492	1,140
PRESTO	5,456	@PRESTOcard	9,081	8,563	40, 325	N/A
Crosstown	6,212	@CrosstownTO	3,955	10,530	63,260	259*
Smart Commute	594	@SmartCommute	2,567	2,735	6,706	107

* Instagram account created in December 2015.

In September, we launched the @finchwestlrt Twitter account to promote public open houses and provide project updates.

The most popular video in Metrolinx's "Introducing" social delivery campaign came to a close in 2015–16, creating awareness and education around key projects and deliveries region-wide. Our first paid, video-specific social media campaign was viewed 962,000 times and attracted 4,704 likes.

Digital engagement through Metrolinx Engage

In October, we launched Metrolinx Engage, a digital hub that provides a single online destination for all of Metrolinx's engagement activities. Through Metrolinx Engage, we can inform, consult with and involve GTHA residents and communities in planning our major transportation improvement projects using digital tools such as discussion forums, online questionnaires and interactive maps.

By the end of the fiscal year, Metrolinx Engage had 10,295 unique visitors and 1,395 registered participants, 60% of whom had joined the conversation by commenting on one or more of these planned projects:

- Eglinton Crosstown LRT station and stop names
- RTP review
- Rail network electrification
- Station access and new station analysis
- Fare integration
- Davenport Diamond grade separation

Customer Experience Advisory Committee

Metrolinx actively seeks feedback from customers to guide our decisions on matters such as potential new products and services. In 2015–16, we released 36 surveys through our two online advisory panels – Let GO Know and the PRESTO Panel – inviting responses from a combined total of more than 8,000 participants. In addition, 10 GO Transit customer volunteers meet every quarter to share their insights into customer service programs and initiatives. This year's meetings covered topics such as:

- Creating a strong self-serve environment for customers
- Enhancing communications tools, such as the mobile website and digital signage
- Preparing for winter with equipment enhancements and more standby trains
- Developing a customer etiquette campaign

Awards & recognition

METROLINX RECEIVED THE FOLLOWING AWARDS DURING THE 2015–16 FISCAL YEAR:

Canada's Top Employers for Young People (third consecutive year); Greater Toronto's Top Employers (third consecutive year); Canada's Most Admired Corporate Cultures in the Broader Public Sector category

2015 Corporate Leadership Award for the Environment from the Canadian Urban Transit Association

Education Achievement Award from the Transportation Association of Canada (Metrolinx Green Team)

Travelport Project of the Year, AccessRail Integrated Partnership of the Year, and a leadership award – all from the Global Air Rail Alliance (UP Express)

Public Safety Commendation from the Ontario Safety League (GO Transit)

Illumination Award and Merit Award for Control Innovation from the Illuminating Engineering Society (GO Transit Ajax Parking Structure)

Illumination Award and Merit Award for Energy and Environmental Design from the Illuminating Engineering Society (GO Transit Erindale Parking Structure)

Corporate Leadership Award for Innovation from the Canadian Urban Transit Association (GO Transit Customer Communications Management System)

Top Project (Industrial) from the Ontario General Contractors Association (Georgetown South Project: Weston Tunnel Grade Separation)

Road #2 in 2015 top 10 list from Roads & Bridges Magazine (Rapid Transit: Highway 7 East Corridor (VivaNext Bus Rapid Transit)

Management Discussion & Analysis

In fiscal 2015-16, Metrolinx continued to execute on its mandate to plan, develop and put in place an integrated and seamless transportation infrastructure for the region, including making significant progress towards the realization of major capital projects which will dramatically expand GO train service across the region.

GO Train transit service increased capacity by 35,000 additional customers to connect to their destination to GO Trains and buses every day. During the year the Government of Ontario increased its funding to Moving Ontario Forward to $31.5 Billion over 10 years. For fiscal 2015-16, capital investments were $2,756.4 million. This magnitude of capital investment is significant as it requires a diligent and strategic focus on key activities including project planning, approval, management and completion. Corporate activities that support this continuing trend of capital investment expansion required an agile and proactive approach to managing procurement, Information and Information Technology (I&IT), human resources workforce planning and effective financial management and reporting activities.

The UP Express was launched on time and on budget providing the 25 minute trip every 15 minutes during the Pan Am/ Parapan Am games and throughout the year. PRESTO was activated on UP Express and all TTC streetcars and is expected to complete its planned deployment across the TTC by the end of 2016.

New facilities were opened across the region, including Union station's GO York Concourse in Downtown Toronto, the Erin Mills Transitway Station park and ride, and Hamilton's West Harbour Go Station. PRESTO expanded to UP Express and across the TTC, boosting the number of cards in circulation by more than half a million to almost 2 million.

A keen and continuous focus on key performance metrics including fare and non-fare revenues, ridership and operating costs ensured the Agency was able to respond to opportunities and risks in both its internal and external environment. Several key financial management and reporting initiatives were either commenced, implemented or are being rolled out over future years. These proactive and strategic initiatives will help ensure the Agency is able to perform effectively over time.

Corporate Performance

Metrolinx revenues comprise fare and non-fare revenues collected by Metrolinx three operating division: GO Transit, UP Express and PRESTO. Net loss represents the excess of operating expenses, including amortization, over revenues earned in the year. The net loss for the fiscal year ended March 31, 2016 of $21.5 million was higher than the 2014-15 actual loss of $17.8 million and the 2015-16 budgeted loss of $10.0 million.

The following table summarizes the consolidated revenues, operating costs and ridership (as measured by boardings) for Metrolinx and its three operating divisions for fiscal year ending 2015-16, the three prior fiscal years and the 2015-16 Budget.

Summary of Corporate Performance *Rounded to $000'*	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Actual	2015/16 Budget
Operating Costs	524,271,000	611,829,000	691,685,000	776,094,000	813,662,000
Fare Revenue	357,333,000	393,574,000	437,939,000	479,473,000	521,254,000
Non-fare Revenue	34,426,000	44,951,000	36,797,000	45,326,000	55,396,000
Ridership*	64,688,000	66,055,000	68,695,000	70,485,000	73,194,000

*Ridership includes GO and UP Express boardings

Future Accounting Standards

The Public Sector Accounting Board (PSAB) prescribes the accounting standards for the public sector, including not for profit organizations such as Metrolinx. PSAB has released several accounting standards that may have implications on Metrolinx operations, capital investment decisions and reporting of financial results. Metrolinx will be evaluating the guidance and merits of the standards and will also be making recommendations to PSAB.

Accounting standards that are expected to have implications on capital funding, recognition of revenues and capital assets among others include: the Conceptual Framework, Assets, Contingent Assets and Contractual Liabilities, Government Transfers, Related Party Disclosures and Inter-Entity Transactions.

Enhancements to Financial Management and Reporting

Metrolinx has commenced a comprehensive analysis and implementation of an I&IT project of transforming its financial management and reporting activities. The Integrate Metrolinx Project commenced in 2015-16, focusses on integrating key business processes of human resource workforce planning, procurement, and financial services in the enterprise resource planning system (ERP). Upon completion of the project, the key activities mentioned above will be integrated, automated and real time information critical to effective and timely decision making will be made available.

In fiscal 2015-16, Metrolinx worked closely with the Ministry of Transportation to implement Certificate of Assurance requirements, which requires Metrolinx to attest that it: is in substantial compliance with all legislation, regulations, directives and policies; has maintained an effective system of internal controls; and has established and maintained a system of internal controls that supports the integrity and reliability of financial reports. Metrolinx also worked with the Ministry in providing critical operating and capital budget information and engaged other agencies in developing working groups focused on developing and enhancing risk management and internal control processes and best practices.

Financial Report

The following discussion and analysis of the financial condition and results for Metrolinx should be read in conjunction with the audited financial statements and related notes for the fiscal years ended March 31, 2013 (fiscal 2012-13) March 31, 2014 (fiscal 2013-14), March 31, 2015 (fiscal 2014-15) and March 31, 2016 (fiscal 2015-16).

Financial Report (rounded to '000)	2012-13 Actual	2013-14 Actual	2014-15 Actual	2015-16 Actual	2015-16 Budget	2015-16 Variance
Revenue						
Fare Revenue						
GO	357,333,000	393,574,000	437,939,000	464,308,000	477,979,000	(13,671,000)
UP Express	-	-	-	15,165,000	43,275,000	(28,110,000)
Total Fare Revenue	**357,333,000**	**393,574,000**	**437,939,000**	**479,473,000**	**521,254,000**	(41,781,000)
Non-fare Revenue						
GO	10,658,000	18,585,000	20,889,000	23,898,000	22,902,000	995,000
UP Express	-	-	1,512,000	8,762,000	7,093,000	1,669,000
PRESTO	9,338,000	18,769,000	9,871,000	9,454,000	20,437,000	(10,983,000)
Other	14,430,000	7,597,000	4,525,000	3,212,000	4,964,000	(1,751,000)
Total Non-fare Revenue	**34,426,000**	**44,951,000**	**36,797,000**	**45,326,000**	**55,396,000**	(10,070,000)
Provincial Contributions	120,538,000	161,480,000	190,440,000	233,829,000	238,121,000	(4,292,000)
Amortization of Deferred Capital Contributions	244,387,000	291,147,000	350,331,000	453,057,000	459,676,000	(6,620,000)
Gain/(loss) on disposal of capital assets	417,000	246,000	10,817,000	(72,000)	-	(72,000)
Total Revenues	**757,101,000**	**891,398,000**	**1,026,324,000**	**1,211,613,000**	**1,274,447,000**	**(62,835,000)**
Expenditures						
Supplies & services	37,825,000	44,608,000	50,972,000	81,469,000	70,321,000	11,146,000
Equipment maintenance	60,626,000	73,800,000	77,849,000	90,847,000	92,368,000	(1,520,000)
Facilities & track	77,711,000	87,872,000	95,648,000	107,519,000	120,457,000	(12,938,000)
Labour & benefits*	194,231,000	220,866,000	248,427,000	273,342,000	265,358,000	7,984,000
Operations	153,877,000	184,685,000	218,789,000	222,918,000	265,158,000	(42,240,000)
Amortization of capital assets	249,730,000	296,198,000	352,125,000	456,685,000	470,500,000	(13,815,000)
Amortization of long-term leases	327,000	327,000	327,000	327,000	327,000	-
Total Expenditures	**774,327,000**	**908,356,000**	**1,044,137,000**	**1,233,107,000**	**1,284,489,000**	(51,383,000)
Net loss	**(17,226,000)**	**(16,958,000)**	**(17,813,000)**	**(21,494,000)**	**(10,042,000)**	**(11,452,000)**

Note:
Numbers may not add due to rounding
* Actual includes long-term accruals for post-employment benefits which are not funded

Revenues

Fare revenue

Metrolinx fare revenue increased in 2015-16, to $479.5 million compared to prior year's $437.9 million. Fare revenue consists of revenue from GO Transit and UP Express which began operations in the fiscal year from June 5, 2015. The 9.5% increase in fare revenue was driven primarily by the new fare revenue from UP Express, as well as a fare increase and a small increase in ridership levels on the GO Transit services. While the year over year fare revenue grew, it was considerably lower than budgeted revenues by about $42 million or 8.0% under budget as both GO Transit and UP Express ridership was lower than expected.

In the five year period from fiscal 2011-12 to 2015-16, fare revenue has increased at a compounded annual growth rate of 7.2%.

Ridership

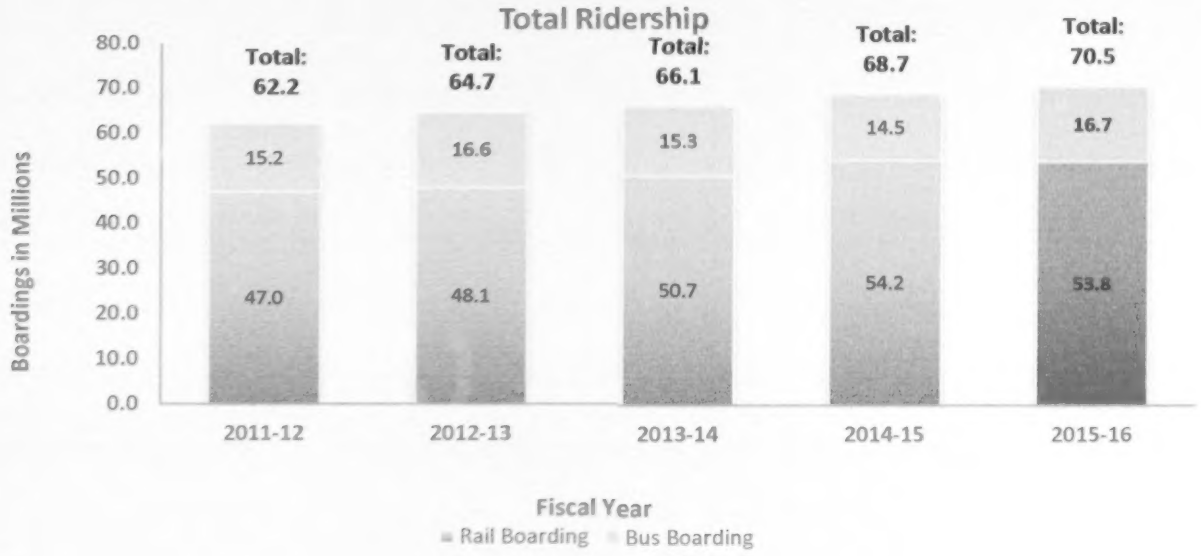
Metrolinx ridership (as measured by boardings) consists of boardings from GO Transit and UP Express. Metrolinx actual year over year ridership increased slightly. Ridership increased in 2015-16 to 70.5 million (2.6%) from the 68.7 million reported in 2014-15, primarily due to the introduction of UP Express service.

GO ridership growth had flattened partly due to additional service that was planned in the Milton and Kitchener corridors did not come into service as expected during the year, general economic conditions being experienced by the region and the significant reduction in the price of gasoline. This matches a trend seen by the majority of transit providers in the Greater Toronto region.

UP Express ridership revenue was lower than budget partly due to the delay in the introduction of service and fewer passengers partly due to a lack of familiarity with the service in its first year of operations, engrained habits, wayfinding and direction, and the price of the service. In order to encourage travelers to ride the UP Express, fares were reduced in early March and significant other marketing and operational changes were made. Ridership since the fares were dropped and other changes implemented has risen dramatically.

Metrolinx transportation partners are all experiencing lower ridership levels. Reasons cited by our partners indicate trends related to lower fuel prices incenting other alternate transportation options (driving), organizational programs relating to telecommuting and the general health of the economy as a whole. Metrolinx is an active partner in discussions with its counterparts to ensure it has reliable and timely information available in assessing current and future external conditions.

In the five year period from fiscal 2011-12 to 2015-16, ridership increased at a compounded annual growth rate of 2.5%.

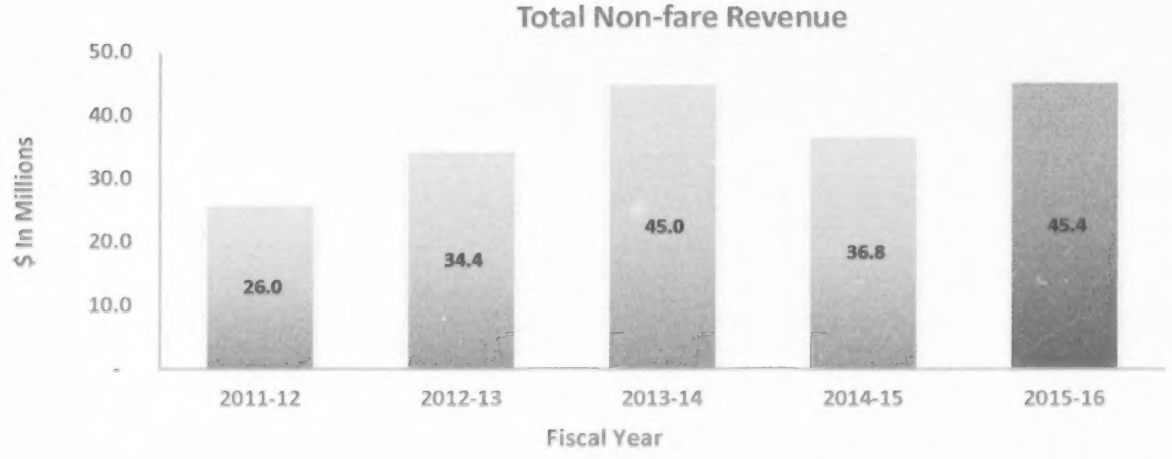


Non-fare revenue

Metrolinx continued to develop strategic partnerships in industry sectors including financial services, information and technology, retail and consumer electronics, to help deliver value for money and increase non fare revenues.

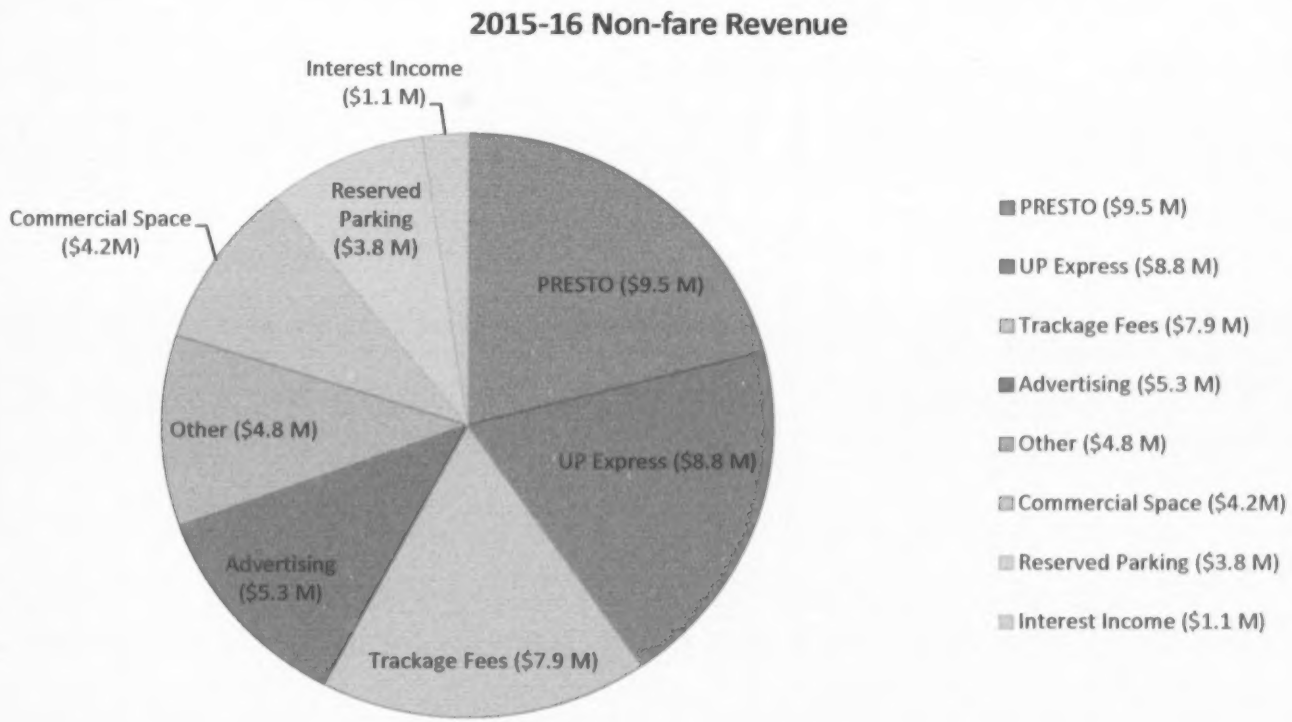
Non-fare revenue consists of revenues from Metrolinx three operating divisions, GO Transit, UP Express and PRESTO. GO Transit non-fare revenue includes rail corridor access fees, advertising revenue and commercial space rent revenue. UP Express non-fare revenue consists of private sector participation and revenues accruing from advertising sponsorship and promotional agreements. PRESTO non-fare revenues are derived from the sale of PRESTO cards and fees collected from TTC and other transit providers for the use of the PRESTO system.

The following chart provides non-fare revenue performance from 2011-12 to 2015-16. Non-fare revenues were $45.4 million (excluding gain/loss on sale of capital assets) in 2015-16 in comparison to $36.8 million in 2014-15.



PRESTO non-fare revenue of $9.5 million consists of roll out of PRESTO fare cards on TTC subway stations and street cars. UP Express non-fare revenue of $8.8 million consists of sponsorship and partnership revenues earned in the year.

The following chart shows the components of non-fare revenues for the fiscal year ended March 31, 2016 of $45.4 million.

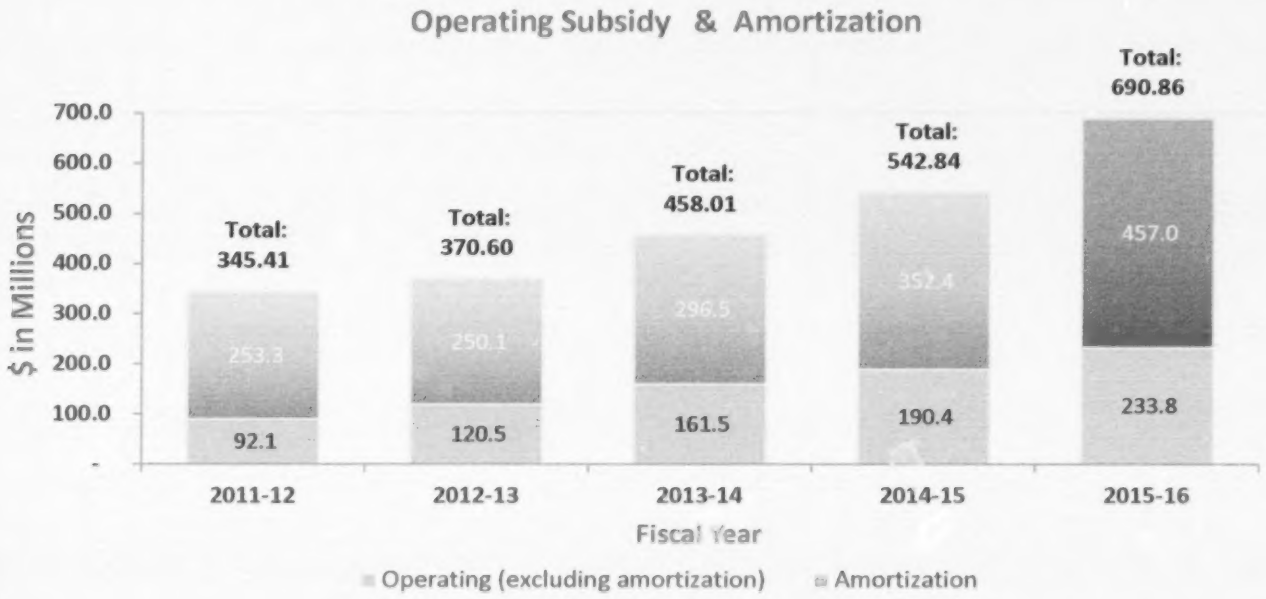


Government Funding

Operating Subsidy

Metrolinx received approximately $233.8 million in operating subsidy from the Province of Ontario, of which $61.8 million was related to PRESTO operations and $39.2 million to the direct costs of UP Express.

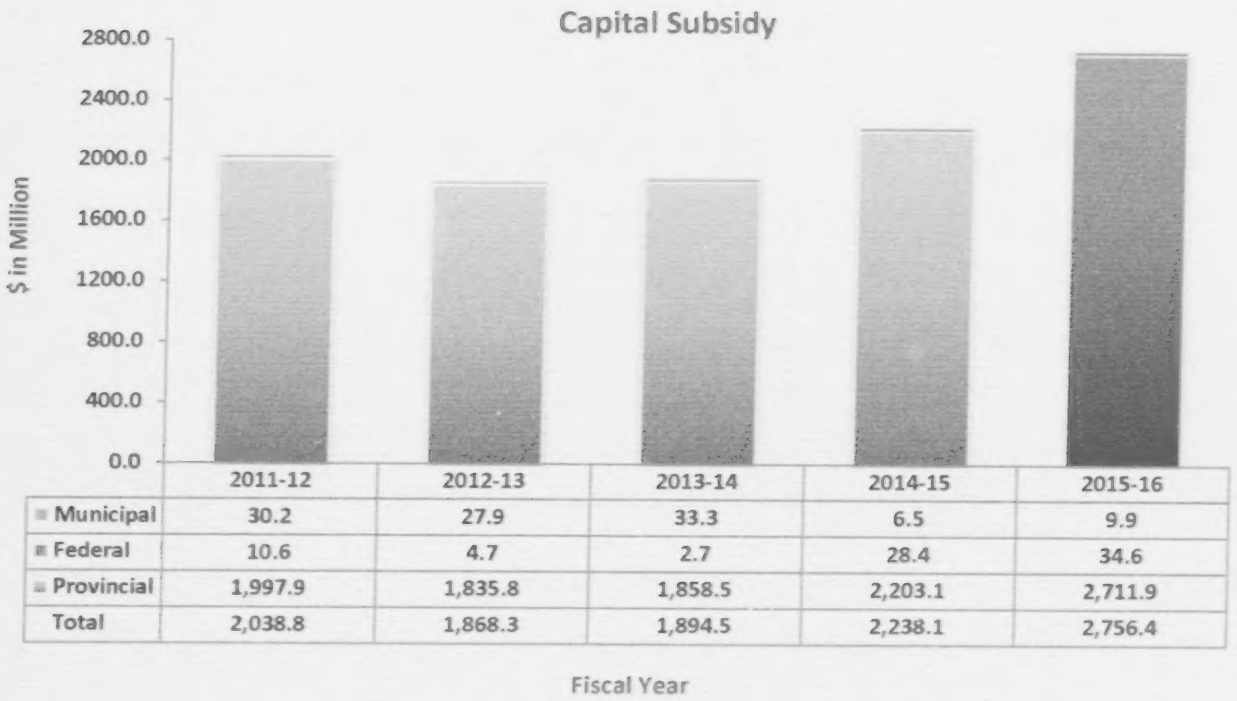
Operating subsidy from the province has increased over the last five years. Amortization has been fully funded by the province. Implementation of many of the commitments made under the RTP have required an increase in operating dollars as new business segments such as PRESTO continued to grow and UP Express became fully operational. Amortization expense for the year was $457.0 million or $13.8 million under the budget of $470.8 million, primarily due to delays in projects coming into service during the fiscal year. The increase in mid-day and weekend GO Transit service also drives the increase in operating subsidies. Operating subsidy from the province increased at a compounded annual growth rate of 20.5% each year. No municipal subsidy was received over the last five years and federal subsidy over the last five years was $ 0.2 million (2011-12).



Capital Subsidy

Capital investments grew by $518 million to $2,756.4 million in 2015-16 from $2,238.1 million in 2014-15. Funding from the Province of Ontario totaled $2,711.9 million for 2015-16. Metrolinx also received capital funding from the federal government of $34.6 million and $9.9 million from municipal governments. Federal funding was received from three Canada Strategic Infrastructure Fund (CSIF) programs. The original CSIF program, which is still funding portions of the Union Station Rail Corridor Train Control system, the Bus Rapid Transit (BRT) program, which is contributing funding towards the Mississauga Transitway and a PRESTO program, which is contributing funding towards the implementation of PRESTO on the TTC.

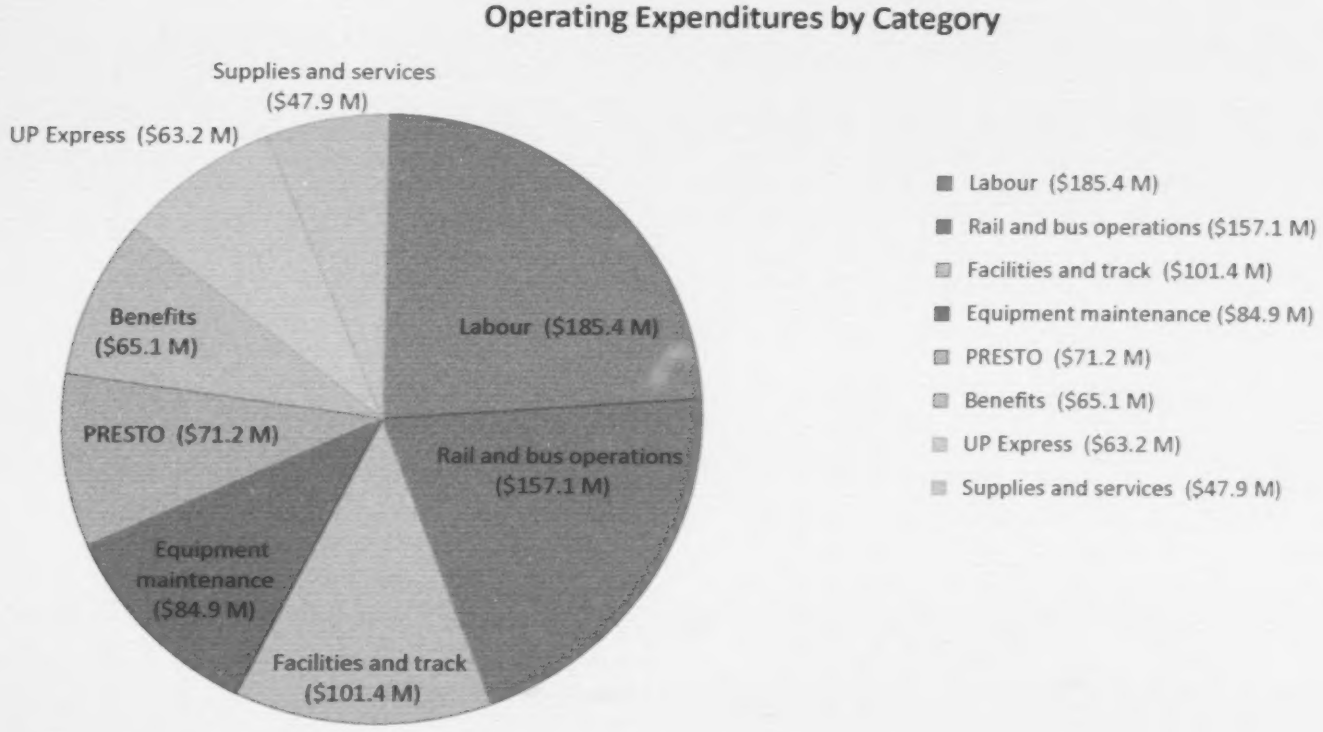
Significant ongoing capital investments realized during the year include: rapid transit and the 10-year Regional Express Rail initiative, which will dramatically expand GO train service across the region. During the year the province increased its funding for Moving Ontario Forward to $31.5 billion over 10 years, for funding of projects such as the Hamilton LRT, Hurontario LRT and Finch West LRT. In its March 2016 budget, the Government of Canada affirmed its commitment to investing in infrastructure through a $3.4 billion Public Transit Infrastructure Fund.



	2011-12	2012-13	2013-14	2014-15	2015-16
Municipal	30.2	27.9	33.3	6.5	9.9
Federal	10.6	4.7	2.7	28.4	34.6
Provincial	1,997.9	1,835.8	1,858.5	2,203.1	2,711.9
Total	2,038.8	1,868.3	1,894.5	2,238.1	2,756.4

Operating Costs

Operating costs, before amortization, for the year were $776.1 million or $37.6 million (4.8%) under the budget of $813.7 million. Operating expenditures by category are shown below.


Operating Expenditures by Category
Supplies and services ($47.9 M)
UP Express ($63.2 M)
Benefits ($65.1 M)
PRESTO ($71.2 M)
Equipment maintenance ($84.9 M)
Facilities and track ($101.4 M)
Rail and bus operations ($157.1 M)
Labour ($185.4 M)
Labour ($185.4 M)
Rail and bus operations ($157.1 M)
Facilities and track ($101.4 M)
Equipment maintenance ($84.9 M)
PRESTO ($71.2 M)
Benefits ($65.1 M)
UP Express ($63.2 M)
Supplies and services ($47.9 M)

UP Express Operations

Metrolinx launched the UP Express on June 6, 2015, on time and on budget. UP Express transports passengers between Union Station and Toronto Pearson International Airport, including stops at Bloor Station and Weston Station.

UP Express operating expenses were $4.6 million under budget primarily because the budget assumed a start date of April 1 versus the June launch date. In addition, a number of operating expenses (diesel fuel, operating crew costs, etc.) came in under budget. Additional marketing initiatives were undertaken in order to promote the fare change and increase ridership.

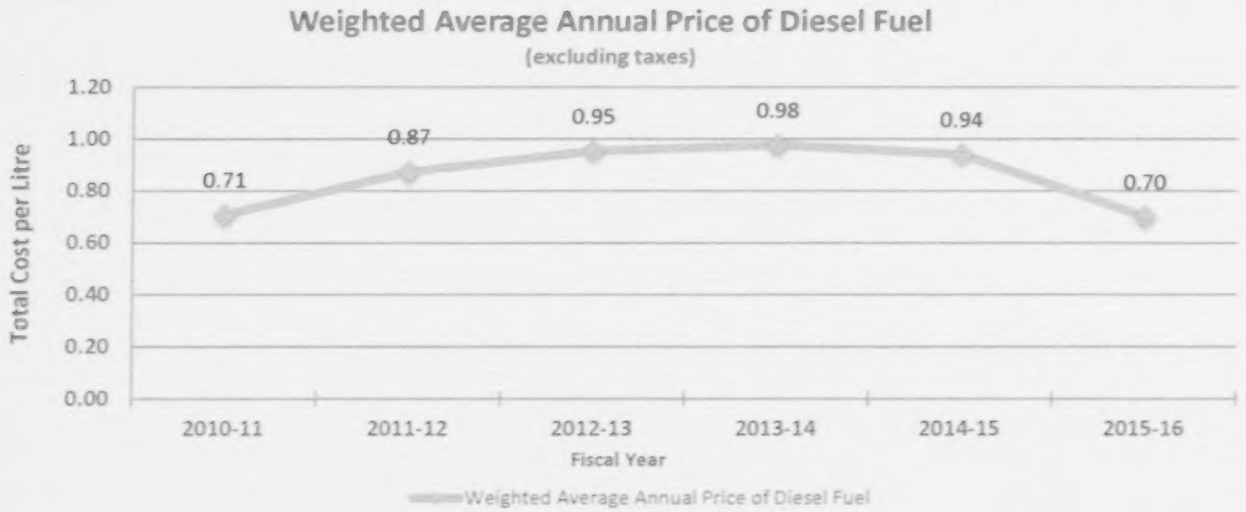
PRESTO Operations

Operating expenses for PRESTO were $13.8 million under budget primarily due to savings associated with the delayed roll-out of PRESTO to the TTC, necessitated by a delay in the receipt of new streetcars by the TTC.

GO Transit Operations

Rail and bus operating expenses were approximately $22.6 million under budget due to lower fuel costs, lower crew costs and additional recovery of track maintenance work amongst others.

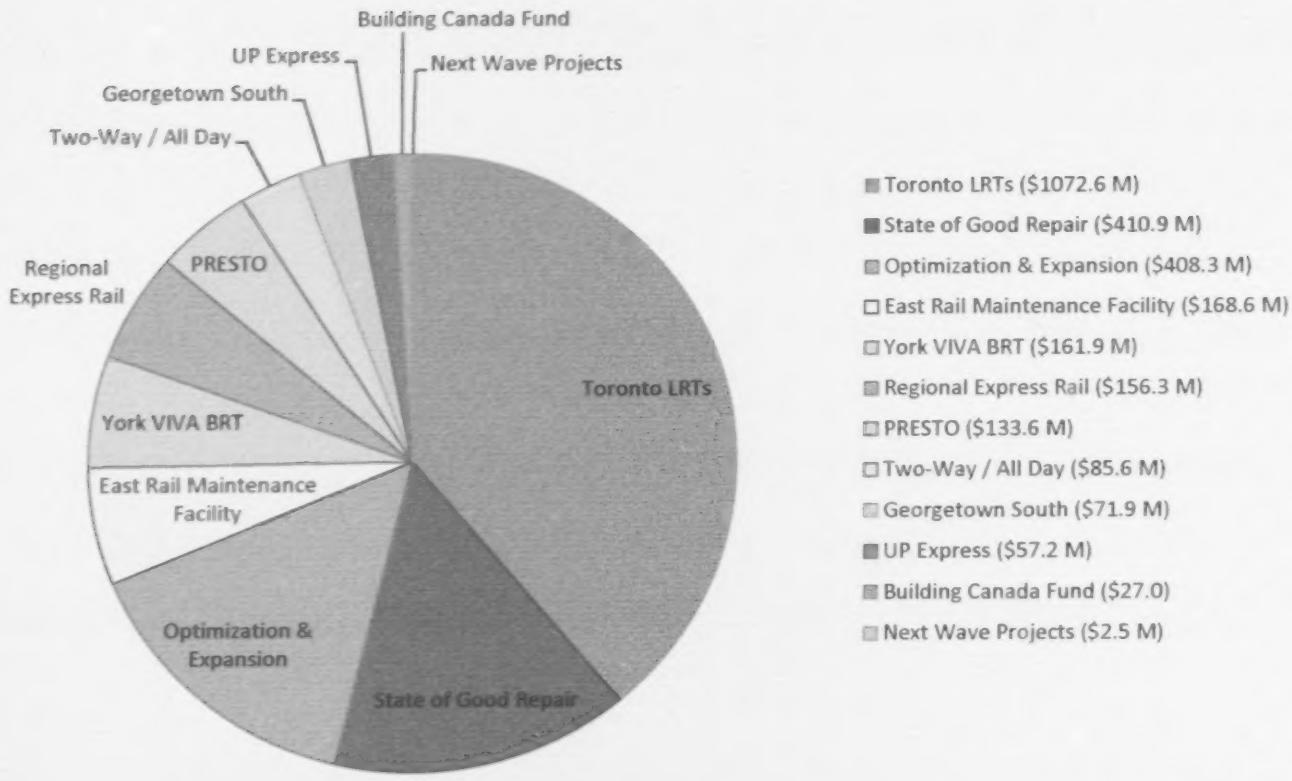
Fuel costs represent 5.90% of total operating costs. In 2016, the weighted average price of diesel fuel was $0.70 per litre versus $0.94 per litre in the prior fiscal year. This resulted in a material cost saving of $0.24 per litre. Metrolinx uses diesel fuel consultants, fixed-price contracts and is planning to implement financial hedging instruments to help increase greater price certainty in its diesel fuel costs.



Capital Investments

In 2015-16, Metrolinx continued working towards the Province's mandate to significantly increase its investment in public transit infrastructure. Major capital projects such as the Georgetown South corridor, UP Express, Union Station Revitalization, implementation of PRESTO fare system on TTC, construction of Viva Bus Rapid Transit and Eglinton Crosstown projects commenced, achieved key milestones, or were completed during the fiscal year. Significant investments were also made towards the state of good repair of existing infrastructure in order to maintain and improve safety and reliability. Capital expenditures in 2015-16 were $2,756.4 million.

2015-16 Capital Expenditures by Category



Major projects that moved forward or were completed during the year included:

- $82.8 million was invested in the Georgetown South, West Toronto Grade Separation and other projects required to accommodate more train service for GO Transit and Union Pearson Express.
- $57.2 million was invested on infrastructure specific to the UP Express.
- $100.6 million was invested towards work in progress on the revitalization of Union Station including signals, replacement of the train shed, and the opening of the York concourse.
- $332.8 million was invested in maintaining the state of good repair for existing infrastructure, including stations, bus & rail fleets, rail corridors, fleet maintenance facilities and parking facilities.
- $1,234.5 million was invested in the York VIVA BRT and Toronto LRT projects including;
  - tunnel construction on the Eglinton Crosstown project
  - completion of the York VIVA BRT along Davis Drive.

- $121.0 million was invested in new station facilities including parking, platform and station building improvements. It also included construction of new facilities at Gormley, Renforth Gateway and West Harbour in Hamilton.

- $67.6 million was invested in railway corridors for new tracks, signals, and bridges (excludes the Georgetown South corridor).

- $98.9 million in progress payments were made for the purchase of additional rail coaches, while $19.4 million was spent on new locomotives and $3.1 million on additional buses.

- $133.6 million was invested in development of PRESTO which will increase functionality and facilitate system wide implementation on the TTC.

- $116.8 million was invested to start design and construction on the civil works associated with the Regional Express Rail (RER) program.

- $196.5 million was invested in the construction of the new East Rail Maintenance Facility and related works for GO Transit.

The chart below provides details on Metrolinx service capacity and infrastructure, such as buses, trains and parking that is needed to support current service levels.

Services Levels and Infrastructure as at April 2016	
Train Service:	**Totals**
Lines	7
Stations	64
Route Kilometers	452
Weekday Train Trips	269
Weekday trainsets in use	52
Locomotives	75
Bi-level passenger railcars	630
Bus Service:	
Terminals (Plus numerous stops & ticket agencies)	15
Route kilometer	2,709
Average weekday bus trips, total systems	2,340
Average weekend bus trips, total systems	1248
Average weekday bus trips, to/from Union	579
Single-level buses	383
Double-decker buses	127
Buses with bike racks	100%
Across our system	
Regular parking spaces	69,217
Reserved parking spaces	4,043
Carpool parking spaces	520
Park and Ride lot spaces	3,418
Parking structures	10
Stations/terminals with bike shelters	59
Stations with bike lockers	6
Solar Panel (photovoltaic) installations	3

Enterprise Risk Management

Risk Assessment and Management

Metrolinx continues to enhance its Enterprise Risk Management (ERM) program and complies with the Government of Ontario requirement for all classified agencies to use a risk-based approach in managing the business. Management regularly assesses all major corporate risks on a quarterly basis. During the 2015-2016 year:

- ERM implemented risk management software to improve transparency, accountability and an integrated view of risks across the organization as well as increase capability for quantitative analytics;
- Metrolinx has taken the leadership initiative to form an ERM Roundtable with other government ministries and agencies to share best practices in risk management, advocate for risk management across the Ontario government, and to enhance governance between agencies and ministries.

Key Areas of Focus

Senior Management has identified the following key areas of focus for ongoing monitoring and reporting in achieving Metrolinx corporate objectives and values.

KEY AREA	DESCRIPTION
Regional Leadership and Relevance of The Big Move	The credibility of the RTP is maintained by demonstrating evidence-based decision making, ongoing progress and delivering on commitments on time and on budget.
Sustained Funding	Metrolinx requires continued and adequate funding to fund current and future operations and capital programs.
Stakeholder Management and Governance	Corporate governance oversight with clearly defined stakeholder roles and accountabilities are required to support Metrolinx objectives.
Management of Stakeholder Requirements	Clear communication and understanding of program objectives is needed to deliver stakeholder requirements on budget, scope and schedule.
PRESTO	Fare card system rollout must be well managed to deliver on the committed schedule. Metrolinx needs to develop new service provider programs and an enhanced procurement strategy.
UP Express Service	Increasing ridership through public engagement, as well as continuing to build and maintain corporate partnerships.
Rapid Transit (RT)	Effectively managing project stakeholders is key to the successful implementation of the RT program, including the use of the Alternate Financing Procurement (AFP) process.
GO Regional Express Rail	Ongoing development and implementation of the work plans to deliver 15-minute, electrified service in core areas on GO-owned rail corridors.
Workforce	Effectively managing our workforce is critical to achieving business outcomes and optimizing productivity.
Customer Satisfaction	Reliable services and timely, high quality communication are success factors in maintaining Metrolinx commitment to its customers.
Privacy and Cyber Security	Metrolinx is required to safeguard both customer and corporate data, ensure compliance with privacy legislation, and mitigate any possible privacy breaches.
Program Delivery	Project volume and complexity, as well as stakeholder requirements, necessitate effective project management and prioritization to deliver projects on time, budget, within scope and of the highest quality.
Passenger Safety	Proactively taking steps and continuing to strengthen the culture of safety as the top priority through clear leadership and commitment, effective communication and continuous improvement.
Legal / Compliance	Conducting our business in compliance with all applicable laws, regulations, directives and policies.

Key Performance Indicators

Cost Recovery Ratio

Metrolinx uses the operating cost recovery ratio (excludes UP Express and PRESTO operations) as a key indicator of financial performance. Operating cost recovery ratio, measured as the ratio of total revenues (excluding operating subsidy, grants, sale of assets, and extraordinary revenues) to total operating costs provides an indicative measure of how efficient and how effective a transit agency operates. Metrolinx compares its recovery ratios to its historic results as well as compares it to industry benchmarks. Historically, Metrolinx has always had one of the best recovery ratios among North American peers. The operating cost recovery ratio in 2015-16 was 76.6%, which is up slightly from 2014-15.

Notes: 1) Excludes unfunded labour benefits.
2) Fare integration expense has been reclassified as a revenue offset on a pay as you go basis.

Overhead Ratio: The overhead ratio is the percentage of overhead support costs to operating costs. For fiscal 2015-16, the overhead ratio of 8.2 percent came in lower than the 2014-15 overhead ratio of 8.4 percent. The decline is due to the fact that overhead costs from corporate support functions are growing at a slower rate than all operating divisions.

GO Transit Competitiveness: Travelling with GO Transit remains an economically preferred choice for commuters in the GTHA. Travelling with GO Transit costs approximately 73% of the total cost of driving (fuel and parking costs). The average cost to drive is $0.27/km, whereas the cost for transit is $0.19/km. This reflects fuel costs and parking in downtown Toronto only and does not consider the additional vehicle maintenance and vehicle ownership costs that would result from the increase in vehicle mileage. The cost of fuel was based on the average gas price in Ontario as of March 2016. GO Transit continues to offer a comfortable and easy experience and a cost competitive mode of travel for passengers.

Cost per Ride: The cost per ride is the average operating cost required to move passengers between destinations as measured by number of passenger boardings required for a one-way trip. For fiscal 2015-16, the cost per ride (excluding PRESTO and UP Express) of $8.96 was higher than 2014-15 cost per ride of $8.68. The key drivers leading to an increase in cost per ride are the introduction of new service, customer service enhancements, and maintenance of service reliability.

Total Revenues per Employee

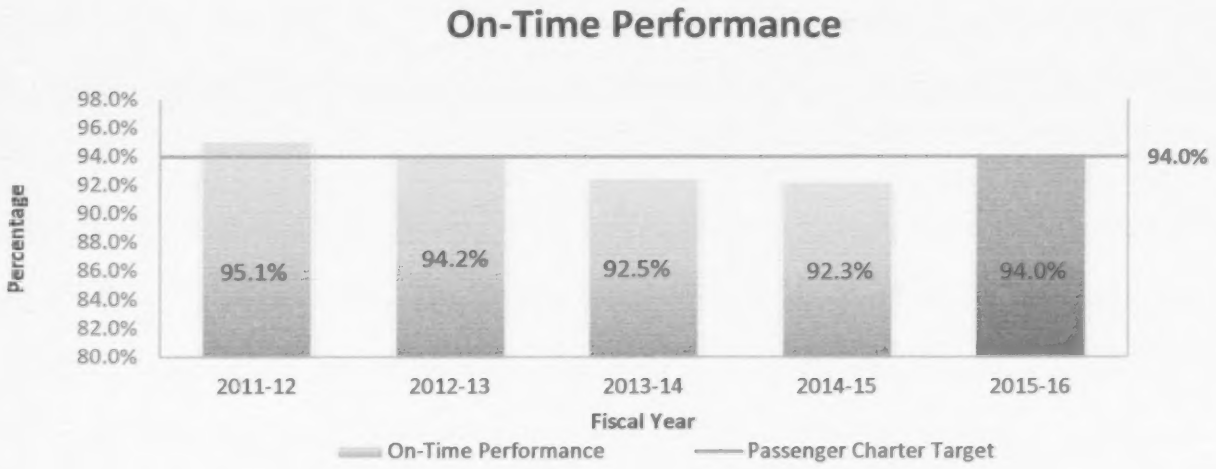
Metrolinx uses the productivity measure, total revenues per employee as one of its performance indicators to measure how effective the organization is in creating value. This indicator is measured as the ratio of total revenue to total number of employees. Employees are counted based on Full Time Equivalents (FTE's) as of March 31, 2016, where a full time employee is counted as 1 FTE and a part-time employee is counted as 0.5 FTE. Contract workers and vacancies are excluded from the FTE count. In 2015-16, total revenues per employee were $153,554 down from $155,155 in 2014-15. This trend reflects the increase in off-peak and weekend service introduced by GO Transit.

Customer Satisfaction

Metrolinx understands the importance of customer service and customer satisfaction, and the impact that they have on ridership levels and on financial performance. Metrolinx Customer Service business unit implements a vast set of metrics to measure Metrolinx performance in delivering customer service. Key performance indicators used by Customer Service include on-time performance, safety, communication ("keeping you in the know"), comfortable experience, and helpfulness. These are posted on the GO website and are updated on a regular basis.

On-time Performance

Metrolinx uses on-time performance as one of its key indicators to measure service reliability and to measure its delivery of customer satisfaction. On-time performance for the year overall was 94.0%, up from 92.3% the previous year, reversing the trend of the last two years where it dropped.



June 29, 2016

Management's Responsibility for Financial Information

Metrolinx Management and the Board of Directors are responsible for the financial statements and all other information presented in these financial statements. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Where appropriate, the financial statements include amounts based on management's best estimates and judgements.

Management has developed and maintains financial and management controls, information systems and management practices to provide reasonable assurance of the reliability of financial information. Internal audits are conducted to assess management systems and practices, and reports are issued to the Audit Committee of the Board.

The Metrolinx Board of Directors, through the Audit Committee, assures that management fulfills its responsibilities for financial information and internal control. This Committee reviews the financial statements and the external auditors' report.

The financial statements have been examined by PricewaterhouseCoopers LLP, Metrolinx's appointed external auditor. The external auditor's responsibility is to express an opinion based on their audits. The audits are conducted in accordance with Canadian generally accepted auditing standards. The Auditor's Report outlines the scope of the Auditor's examination and opinion.

For the fiscal year ended March 31, 2016, Metrolinx's Board of Directors, through the Audit Committee, was responsible for assuring that management fulfilled its responsibilities for financial reporting and internal control. The Committee meets regularly with management, the internal auditor and PricewaterhouseCoopers LLP to satisfy itself that each group has discharged its respective responsibility. The Committee reviews the financial statements before recommending approval by the Board of Directors. PricewaterhouseCoopers LLP had direct and full access to the Audit Committee, with and without the presence of management, to discuss their audit and their findings as to the integrity of Metrolinx's financial reporting and the effectiveness of the system of internal controls.

Bruce McCuaig
President and Chief Executive Officer

Robert Siddall, CPA, CA
Chief Financial Officer

Metrolinx

Financial Statements
March 31, 2016

pwc

June 29, 2016

Independent Auditor's Report

To the Board of Directors of
Metrolinx

We have audited the accompanying financial statements of Metrolinx, which comprise the statement of financial position as at March 31, 2016, and the statements of operations, changes in net assets, remeasurement gains and losses, and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

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Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Metrolinx as at March 31, 2016, the results of its operations, its remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other matters
The financial statements of Metrolinx for the year ended March 31, 2015, were audited by another firm of Professional Chartered Accountants who expressed an unqualified opinion on those financial statements on June 25, 2015.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Metrolinx

Statement of Financial Position

As at March 31, 2016

(in thousands of dollars)

	2016 $	2015 $
Assets		
Current assets		
Cash and cash equivalents (note 5)	459,347	304,444
Restricted cash (note 6)	14,004	46,667
Accounts receivable (note 8)	78,168	154,156
Contributions due from Province of Ontario	-	156,743
Contributions due from Government of Canada	57,386	40,885
Spare parts and supplies	11,916	8,335
Prepaid expenses	16,319	18,592
	637,140	729,822
Accounts receivable - long-term (note 8)	74,787	-
Contributions due from Province of Ontario - long-term (note 11)	944,550	48,368
Capital assets (note 7)	13,910,393	11,570,895
Deposits on land (note 9)	111,153	121,389
Advances on capital projects (note 9)	183,073	213,458
Long-term lease (note 10)	27,553	27,880
	15,888,649	12,711,812
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	595,519	616,305
Presto Farecard E-Purse (note 5)	34,645	29,024
Advance from Province of Ontario (note 6)	14,004	46,667
Due to Province of Ontario	29,932	-
	674,100	691,996
Long-term payable (note 11)	944,550	48,368
Deferred capital contributions (note 12)	11,854,540	9,734,686
Pension plan top-up benefits payable (note 14)	61,433	56,741
Other employee future benefits payable (note 15)	117,457	105,411
	13,652,080	10,637,202
Net Assets		
Invested in capital assets (note 16)	2,350,079	2,171,056
Invested in long-term lease	27,553	27,880
Internally restricted (note 17)	26,332	26,332
Deficiency of net assets	(167,395)	(150,658)
	2,236,569	2,074,610
	15,888,649	12,711,812

Economic dependence (note 2)

Commitments (note 18)

Contingencies (note 19)

Approved by the Board of Directors

J. Robert S. Prichard Director

Director

The accompanying notes are an integral part of these financial statements.

Metrolinx

Statement of Operations

For the year ended March 31, 2016

(in thousands of dollars)

	2016 $	2015 $
Revenue		
Operating revenue	521,311	469,965
Contribution from the Province of Ontario	233,829	190,440
Investment income	3,487	4,771
Amortization of deferred capital contributions (note 12)	453,057	350,331
	1,211,684	1,015,507
Expenses		
Supplies and services	81,468	50,971
Equipment maintenance	90,847	77,850
Facilities and track	107,519	95,648
Labour and benefits	273,342	248,427
Rail and bus operations	222,918	218,789
Amortization of capital assets	456,685	352,125
Amortization of long term lease	327	327
Loss (gain) on disposal of capital assets	72	(10,817)
	1,233,178	1,033,320
Excess of expenses over revenue	(21,494)	(17,813)

The accompanying notes are an integral part of these financial statements.

Metrolinx

Statement of Changes in Net Assets

For the year ended March 31, 2016

(in thousands of dollars)

	Invested in capital assets $ (note 16)	Invested in long-term lease $	Internally restricted net assets $ (note 17)	Deficiency $	2016 Total $	2015 Total $
Balance - Beginning of year	2,171,056	27,880	26,332	(150,658)	2,074,610	1,959,643
Excess of expenses over revenues	-	-	-	(21,494)	(21,494)	(17,813)
Amortization - net of amortization to revenue	(4,430)	(327)	-	4,757	-	-
Assets contributed by the Province of Ontario (note 20(b))	13,575	-	-	-	13,575	15
Land acquisitions - net of deposits	70,607	-	-	-	70,607	23,258
Deposits on land	99,271	-	-	-	99,271	109,507
Balance - End of year	2,350,079	27,553	26,332	(167,395)	2,236,569	2,074,610

The accompanying notes are an integral part of these financial statements.

Metrolinx

Statement of Remeasurement Gains and Losses

For the year ended March 31, 2016

(in thousands of dollars)

	2016 $	2015 $
Balance - Beginning of year	-	612
Amounts reclassified to the statement of operations:		
Forward fuel purchase contracts	-	(612)
Net remeasurement losses	-	(612)
Balance - End of year	-	-

The accompanying notes are an integral part of these financial statements.

Metrolinx

Statement of Cash Flows

For the year ended March 31, 2016

(in thousands of dollars)

	2016 $	2015 $
Cash provided by (used in)		
Operating activities		
Excess of expenses over revenues	(21,494)	(17,813)
Amortization of capital assets and long-term lease	457,012	352,452
Loss (gain) on disposal of capital assets	72	(10,817)
Amortization of deferred capital contributions	(453,057)	(350,331)
Employee future benefits - net of payments	16,737	11,745
	(730)	(14,764)
Change in non-cash working capital		
Accounts receivable	1,201	(3,186)
Spare parts and supplies	(3,581)	(1,871)
Prepaid expenses	2,273	4,136
Accounts payables and accrued liabilities	(887,981)	6,967
PRESTO Farecard E-Purse	5,621	5,049
	(883,197)	(3,669)
Capital activities		
Purchase of capital assets	(729,729)	(1,916,361)
Proceeds from sale of capital assets	730	14,763
Deposits on land (note 16)	(99,271)	(109,507)
Advances on capital projects (note 16)	(183,073)	(213,458)
	(1,011,343)	(2,224,563)
Financing activities		
Grants received for purchase of land	169,878	132,765
Capital contributions	1,846,902	2,006,620
	2,016,780	2,139,385
Net change in cash, cash equivalents and restricted cash	122,240	(88,847)
Cash, cash equivalents and restricted cash - Beginning of year	351,111	439,958
Cash, cash equivalents and restricted cash - End of year	473,351	351,111
Supplemental cash flow information		
Non-cash capital activities		
Change in accounts payable and accrued liabilities relating to capital assets	867,196	(53,831)
Change in advance from Province of Ontario (note 6)	(32,663)	-
Change in long-term capital payable/contribution due from Province	896,182	48,368
Assets contributed by the Province of Ontario (note 20(b))	13,575	15
Non-cash financing activities		
Capital contributions receivable/payable	140,242	(50,286)
Sunk Project costs recoverable from TTC transferred from work-in-progress to accounts receivable	-	(4,175)

The accompanying notes are an integral part of these financial statements.

(in thousands of dollars)

1 Nature of operations

Metrolinx is a Crown agency, reporting to the Minister of Transportation of Ontario (MTO). It is a non-share capital corporation and is exempt from income taxes under Section 149(1) (d) of the Income Tax Act (Canada).

Metrolinx was created by sections of the Greater Toronto Transportation Authority Act, 2006 which were proclaimed on August 24, 2006. On May 14, 2009, Bill 163 was proclaimed amending the Greater Toronto Transportation Authority Act, 2006 and changing the title of the Act to the Metrolinx Act, 2006. Metrolinx's mandate is to lead the coordination, planning, financing and development of an integrated multi-modal transportation network for the Greater Toronto and Hamilton Area (GTHA). Taking a regional approach, Metrolinx brings together the Province of Ontario (the Province), municipalities and local transportation authorities to produce long-term economically and environmentally sustainable transportation solutions.

GO Transit is a division of Metrolinx that operates an inter-regional public transit system consisting of integrated rail and bus corridors. The network of rail and bus services primarily serves communities across the Greater Toronto and Hamilton Area including the cities of Toronto and Hamilton, and regions of Halton, Peel, York, Durham as well as Simcoe County, Dufferin County, Wellington County and the cities of Barrie, Guelph, Kitchener and Niagara Falls and the Town of Bradford-West Gwillimbury.

The Union Pearson (UP) Express is a division of Metrolinx that is responsible for providing high-quality dedicated express rail service connecting Canada's busiest transportation hubs, Union Station in downtown Toronto and Toronto Pearson International Airport. The UP Express began operations on June 6, 2015

PRESTO is a division of Metrolinx which created and operates the PRESTO fare system, an electronic fare card that allows riders to transfer seamlessly across multiple transit systems. PRESTO is currently available on eleven transit agencies in the GTHA and Ottawa. PRESTO is currently being rolled out across the Toronto Transit Commission (TTC) and as at March 31, 2016, 27 subway stations and all legacy and new streetcars have been equipped with PRESTO fare payment devices. All TTC stations and buses are planned to be enabled by December 31, 2016.

2 Economic dependence

Metrolinx currently generates revenues primarily from the provision of transportation services from its three operating divisions.

In addition, Metrolinx receives government grants:

- from all three levels of government to support its investment in capital infrastructure to be used in the delivery of current and future transportation services; and
- yearly operating subsidy from the Province of Ontario to further support the delivery of transportation services.

The ability of Metrolinx to continue to offer and grow its services is dependent upon the ongoing grants it receives as outlined above.

(in thousands of dollars)

3 Summary of significant accounting policies

Financial statement presentation

These financial statements have been prepared by management in accordance with the accounting principles for government not-for-profit organizations recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA Canada).

Financial instruments

Financial instruments are financial assets or liabilities of Metrolinx which, in general, provide Metrolinx the right to receive cash or another financial asset from another party or require Metrolinx to pay another party cash or other financial assets.

All financial instruments reported on the statement of financial position of Metrolinx are measured at:

Cash and cash equivalents	amortized cost
Restricted cash	amortized cost
Accounts receivable	amortized cost
Contributions due from Province of Ontario	amortized cost
Contributions due from Government of Canada	amortized cost
Contributions due from Province of Ontario - long-term	amortized cost
Accounts payable and accrued liabilities	amortized cost
PRESTO Fare Card E-Purse	amortized cost
Advance from Province of Ontario	amortized cost
Due to Province of Ontario	amortized cost
Long-term payable	amortized cost

Transaction costs on assets measured at fair value are expensed as incurred.

The fair value of Metrolinx's cash and cash equivalents, accounts receivable, contributions due from Province of Ontario, contributions due from Government of Canada, accounts payable and accrued liabilities, due to Province of Ontario and PRESTO Fare Card E-Purse approximate their carrying values due to the short-term nature of these financial instruments. The fair value of other financial instruments approximate their carrying values unless otherwise noted, based on market rates available to Metrolinx for financial instruments with similar risks, terms and maturities.

Fair value represents the amount that would be exchanged in an arm's length transaction between willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists. Metrolinx's fair values are management's estimates and are generally determined using market conditions at a specific point in time. The determinations are subjective in nature, involving uncertainties and the exercise of significant judgment.

Metrolinx enters into contracts for diesel fuel to manage exposure to diesel fuel price risks. These derivative instruments are recorded on the statement of financial position as an asset or liability and are measured at fair value. The unrealized gains or losses in the derivative instruments' fair value are recognized in the statement of remeasurement gains and losses.

(in thousands of dollars)

Metrolinx does not hold or issue derivative financial instruments for trading or speculative purposes, and controls are in place to detect and prevent these activities.

Impairment of financial instruments

Management reviews its financial instruments for other than temporary impairment on an annual basis. When a financial instrument is determined to have an other than temporary impairment, a loss is recognized in the statement of operations.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and highly liquid short-term investments with maturities of three months or less at the time of purchase.

Spare parts and supplies

Spare parts and supplies are carried at the lower of cost and net realizable value. Cost is determined using the weighted-average method.

Capital assets

Capital assets are recorded at cost. The cost of a capital asset includes all costs directly related to the acquisition, construction, development or betterment of the capital asset. Salaries, wages and associated employee benefits for staff directly involved in the acquisition, development or construction of a capital asset are included in the cost of the capital asset.

Metrolinx has adopted a whole property approach in capitalizing and amortizing its buildings, rail equipment and bus equipment. Under this approach, all components attached to the building structure (lighting, elevators, air conditioning, etc.) are amortized over a composite service life of the property as a whole.

If the development or construction of a capital asset is terminated or deferred indefinitely before completion, the costs capitalized to date are expensed. unless there is an alternative use for the capital asset or unless recovery of those costs from a third party can be reasonably estimated and collection is likely based on related agreements.

Capital assets derived through an Alternate Financing Procurement (AFP) contract for design, build, finance and maintenance will contain a portion of the capital design and construction costs that will be paid upon substantial completion of the construction of the capital asset and the remainder over the useful life. A matching contribution receivable from the Province of Ontario is recorded. Annual service payments and lifecycle payments will be paid annually over the term of the contract.

(in thousands of dollars)

Amortization

Metrolinx provides for the amortization of the various classes of assets over their estimated useful lives on a straight-line basis as follows:

Buildings (including shelters and ticket booths)	5 - 20 years
Leasehold improvements	lease life
Locomotives and other railway rolling stock	20 - 25 years
Improvements to railway right-of-way plant	20 years
Track work and installation	20 years
Buses (including double decker buses)	10 years
Parking lots	20 years
Computer equipment and software	5 - 10 years
Grade separations	50 years
Other (including furniture and equipment)	3 - 12 years

Work-in-progress is comprised of direct construction and development costs. No amortization is recorded until the assets are in service.

Long-term lease

Long-term lease represents the pre-payment of the lease regarding Union Station. The amount is being amortized straight-line over 100 years, being the term of the lease plus one renewal period.

Employee future benefits

Metrolinx provides pension plan benefits through the multi-employer Ontario Municipal Employees Retirement System (OMERS) Pension Fund. The expense for the period equals the required contribution for the period.

Metrolinx provides a top-up pension plan benefit calculated by using the accrued benefit method which reflects the projected benefits for services rendered to date. Adjustments arising from employee benefit plan amendments, experience gains and losses and changes in assumptions are amortized to earnings over the average remaining service period of the active employees. Any past service costs are expensed when incurred.

Metrolinx also provides other employee future benefits calculated by using the accrued benefit method which reflects the projected benefits for services rendered to date. Adjustments arising from employee benefit plan amendments, experience gains and losses and changes in assumptions are amortized to earnings over the average remaining service period of active employees. Any past service costs are expensed when incurred.

Commuter services revenue

Revenue is recognized when the transportation service is provided.

(in thousands of dollars)

Contributions

Metrolinx follows the deferral method of accounting for contributions. Unrestricted contributions, including operating grants, are recognized as revenue in the period to which they relate.

Deferred capital contributions relate to funds received for the acquisition of capital assets. These deferred capital contributions are recognized as revenue over the same period as the amortization of the related capital asset.

Internally restricted net assets

Internally restricted net assets are internally restricted to provide a funding source for planned future obligations and to provide flexibility against uncertainties which may arise. All reserves are approved by the Board of Directors and are disclosed on the statement of financial position as net assets.

Liability for contaminated sites

Metrolinx assesses of all land holdings to determine if contaminations, as defined under the standard and regulatory requirements, are present on lands not being used in providing transit and other related services. While contaminations may be present, the resultant liability also depends on the existing and future disturbances to the land. A complete inventory of all land holdings was developed and assessed for under the standard. There were no liabilities to report in the fiscal year.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The items subject to the most significant estimates are amortization of capital assets, certain accrued liabilities, pension plan top-up benefits payable and other employee future benefits payable.

Future accounting pronouncements

PSAB has released the following new handbook sections which will be applicable to Metrolinx to the extent that there are no specific standards in Section PS 4200 to PS 4270, Government Not-for-Profit Organizations.

PS 2200, Related Party Disclosures, PS 3420, Inter-entity Transactions, PS 3210, Assets, PS 3320, Contingent Assets, and PS 3380, Contractual Rights, are all effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. PS 3430, Restructuring, is effective for fiscal years beginning on or after April 1, 2018. Earlier adoption is permitted.

Management is currently assessing the impact of these new standards.

(in thousands of dollars)

4 Financial instruments and risk management

Metrolinx's financial assets and liabilities have exposure to the following risks:

Credit risk

Metrolinx is subject to credit risk through its receivables. It is management's opinion that the risk is minimal as most of the receivables are from federal, provincial and municipal governments and organizations controlled by them.

Interest rate risk

Metrolinx does not have significant exposure to interest rate risk related to its long-term liabilities as they are primarily with related parties and are non-interest bearing.

Other price risk

Metrolinx is exposed to changes in crude oil prices as a result of diesel fuel consumption. The potential fluctuations in crude oil prices could have a significant impact on the cost of providing transportation services. This risk is reduced, from time to time, through the use of diesel fuel forward purchase contracts to lock in firmly committed future operating costs for own use consumption.

5 PRESTO Farecard E-Purse balances

The balance of funds held on PRESTO Farecard E-Purse in the amount of $34,645 (2015 - $29,024) has been included in cash and cash equivalents. The E-Purse balance is held on behalf of the Farecard owner and therefore a liability is recorded on the statement of financial position.

6 Funds being held for Province of Ontario

During the fiscal year ended March 31, 2007, the former Greater Toronto Transit Authority (GO Transit) received $46,667 from the Province for their contribution towards the TTC participation in the GTA Farecard project. During the year ended March 31, 2016, TTC began to meet the requirements to receive this funding. As at March 31, 2016, $32,662 has been utilized and the balance of $14,005 is expected to be utilized during the year ending March 31, 2017.

(in thousands of dollars)

7 Capital assets

	Cost $	Accumulated amortization $	2016 Net $	2015 Net $
Land	2,105,810	-	2,105,810	1,941,084
Buildings	1,216,723	384,259	832,464	502,931
Leasehold improvements	90,121	30,518	59,603	10,021
Locomotives and other railway rolling stock	1,901,495	616,202	1,285,293	1,132,971
Improvements to railway right-of-way plant	1,220,544	610,524	610,020	672,521
Grade separations, track work and installations	2,972,340	444,240	2,528,100	1,617,905
Work-in-progress	4,954,488	-	4,954,488	4,448,042
Buses	362,969	190,939	172,030	191,403
Parking lots	690,093	214,908	475,185	468,630
Computer equipment and software	905,315	315,668	589,647	521,252
Other	424,201	126,448	297,753	64,135
	16,844,099	2,933,706	13,910,393	11,570,895

Work-in-progress includes the following:

	2016 $	2015 $
Rail corridor expansion	472,780	1,098,652
Union Station	334,347	412,382
Rail fleet	445,821	470,682
PRESTO system	126,091	60,115
Light Rapid Transit and Bus Rapid Transit	2,608,742	1,692,619
Various	966,707	713,592
	4,954,488	4,448,042

Work-in-progress relates to projects which are expected to come into service in one to six years.

(in thousands of dollars)

8 Accounts receivable

Accounts receivable are composed of the following:

	2016 $	2015 $
Recoverable HST	43,634	49,952
Recoverable PRESTO costs	4,147	4,123
Sunk project costs recoverable from City of Toronto	-	74,787
Other receivables	30,387	25,294
	78,168	154,156
Sunk project costs recoverable from City of Toronto - long-term	74,787	-
	152,955	154,156

Included in accounts receivable is $74,787 (2015 - $74,787) related to the design of the Light Rapid Transit (LRT) Scarborough corridor in the City of Toronto incurred by Metrolinx as at March 31, 2016 and does not include costs related to any contract amendments or cancellations with 3rd party vendors. On October 8, 2013, City of Toronto Council voted to replace the planned LRT currently under construction under the Master Agreement with a Scarborough Subway. The City of Toronto has agreed to reimburse Metrolinx for expenditures incurred for the Scarborough LRT, including any potential costs associated with the LRT vehicle supply contract. Accordingly, the costs incurred to date have been reclassified from work-in-progress to accounts receivable.

9 Advances on capital projects

Metrolinx has entered into Memorandum of Agreements (MOAs) with York Region Rapid Transit Corporation (YRRTC), The Regional Municipality of York (York Region), City of Toronto and the TTC. The MOAs outline the projects, expected costs, and responsibilities of the parties involved. The MOAs also outline the definition of eligible costs and ownership rights of the projects specified in the agreements. A Master Agreement with YRRTC and York Region was signed April 14, 2011 and covers both past and future eligible costs of constructing the bus rapidway. The MOA with the City of Toronto and the TTC was extended until the earlier of September 30, 2012 and the date on which Metrolinx, TTC and the City finalize definitive legal agreements. A Master Agreement with TTC and the City of Toronto was signed November 28, 2012 and covers the cost of constructing the Eglinton LRT, Scarborough RT, Finch West LRT and Sheppard East LRT. The Master Agreement also covers project governance and costs related to the East Rail Maintenance Facility Alternate Financing procurement.

Pursuant to these agreements, advances were paid to York Region and to the TTC to provide working capital for deposits on land totalling $109,646 (2015 - $97,939) and other project costs totalling $183,073 (2015 - $213,458) to fund projects being developed by York Region and TTC on behalf of Metrolinx. The deposits on land referred to above relate to obtaining, in the future, perpetual easements required for the operation of the York Region bus rapidway. The advances on capital projects are to be held in a separate account and any interest accrued will be applied against the project.

(in thousands of dollars)

As at March 31, 2016, Metrolinx has expended approximately $3,321 (2015 - $2,087) in relation to these projects, including the following amounts that have been advanced for costs expected to be incurred to June 30, 2016 and deposits related to future perpetual easements.

	2016 $	2015 $
York Region	281,731	298,575
TTC	10,988	12,822
	292,719	311,397
Other land deposits	1,508	23,450
	294,226	334,847

10 Long-term lease

			2016	2015
	Cost $	Accumulated amortization $	Net $	Net $
Leasehold - Union Station	32,704	5,151	27,553	27,880

11 Long-term payable and contributions due from Province of Ontario - long term

Metrolinx and Infrastructure Ontario entered into an Alternate Financing Procurement (AFP) contract with Crosslinx Transit Solutions for the design, build, finance and maintenance of its Eglinton Crosstown Light Rail Transit Line during the year ended March 31, 2016. The AFP contract with Crosslinx Transit Solutions is for 30 years at a total amount of $9,103,676. Metrolinx and Infrastructure Ontario had entered into another AFP contract with Plenary Infrastructure for the design, build, finance and maintenance of its East Rail Maintenance Facility during the year ended March 31, 2015. The AFP contract with Plenary Infrastructure is for 30 years at a total amount of $964,987.

Costs incurred on these contracts as at March 31, 2016 are as following and are included in work-in-progress.

	2016 $	2015 $
Eglinton Crosstown Light Rail Transit Line	731,985	-
East Rail Maintenance Facility	212,565	48,368
	944,550	48,368

A matching contribution receivable from the Province for costs incurred to date is included in deferred capital contributions.

(in thousands of dollars)

12 Deferred capital contributions

The changes in the deferred capital contributions for the year are as follows:

	2016 $	2015 $
Balance - Beginning of year	9,734,686	7,979,746
Contributions received or receivable in the period for capital acquisitions		
Province of Ontario	2,528,462	2,070,305
Municipalities	9,886	6,529
Government of Canada	34,563	28,437
Amortization of deferred capital contributions	(453,057)	(350,331)
Balance - End of year	11,854,540	9,734,686

Metrolinx realized a shortfall in municipal funding related to its capital program. The Province has provided funding to bridge the shortfall in the current year in the amount of $141,097 (2015 - $171,111) and the cumulative amount is $1,114,484 (2015 - $973,387). The Province will work with its municipal partners to address the funding shortfalls.

13 Pension contributions

Metrolinx provides pension benefits for substantially all of its permanent employees through participation in the OMERS Pension Fund. The amount expensed in pension contributions for the year ended March 31, 2016 is $25,857 (2015 - $23,107).

14 Pension plan top-up benefits liability

With repatriation of the former GO Transit to the Province in 2002, bargaining and non-bargaining employees requested the Provin[illegible] to rectify the difference in pension benefits to be received by employees of GO Transit. When GO Transit was transferred from the Province to the Greater Toronto Services Board in 1999, the Provincial Plans were frozen and a new plan commenced under OMERS. It had been resolved that GO Transit was responsible for the pension obligation. GO Transit completed an actuarial valuation as of April 1, 2013. The updated actuarial valuation is being carried out as of April 1, 2016 and was not available at the time these financial statements were prepared. The financial statement items resulting from the valuation have been determined in accordance with Section 3250 of the PSA Handbook. The pension expense recognized during the year is $6,891 (2015 - $4,778).

The cost of pension plan top-up benefits is actuarially determined using the projected benefit method pro-rated on service. The discount rate used to determine the accrued benefit obligation was determined based on the Ontario provincial bond yields. The actuarial gains and losses are amortized over the average remaining service period of active employees.

(in thousands of dollars)

Information about Metrolinx's pension plan top-up is as follows:

	2016 $	2015 $
Accrued benefit obligation	67,247	74,608
Fair value of plan assets	(2,126)	(1,698)
Funded status - plan deficit	65,121	72,910
Unamortized net actuarial loss	(3,688)	(16,169)
Accrued benefit liability	61,433	56,741

Details of the accrued benefit obligation are as follows:

	2016 $	2015 $
Accrued benefit obligation - Beginning of year	74,608	60,169
Current service cost	1,870	1,494
Interest cost on accrued benefit obligation	2,192	2,385
Benefit payments	(1,776)	(1,024)
Actuarial (gain) loss on accrued benefit obligation	(9,647)	11,584
Accrued benefit obligation - End of year	67,247	74,608

Details of the pension expense are as follows:

	2016 $	2015 $
Current service cost	1,870	1,494
Interest cost on accrued benefit obligation	2,192	2,385
Actual return on plan assets	(4)	(4)
Expected return versus actual return on plan assets	4	4
Amortization of actuarial loss	2,829	899
	6,891	4,778

Plan assets by asset category are as follows:

	2016 %	2015 %
Cash invested	2	12
Cash on deposit with Canada Revenue Agency	98	88
	100	100

(in thousands of dollars)

Other information about Metrolinx's benefit plan is as follows:

	2016 $	2015 $
Employer contributions	2,200	1,600
Benefits	1,776	1,025

The significant actuarial assumptions adopted in measuring Metrolinx's pension plan top-up benefit obligations are as follows:

	2016	2015
Discount rate	3.1%	2.9%
Rate of compensation increase	2.75%	3%
Inflation per annum	2%	2%
Expected average remaining service life	6 years	6 years

15 Other employee future benefits liability

Metrolinx provides post-retirement life and health benefits, Workplace Safety & Insurance Board (WSIB) liabilities and retiree severance benefits. The plan is unfunded and requires nominal contributions from employees. Substantially all full-time active employees are eligible for life and health benefits. A limited number of employees are eligible for severance benefits.

The measurement date of the plan assets and accrued benefit obligation is March 31 of each year. The most recent actuarial valuation of the other employee future benefits was as at March 31, 2014. The valuation was performed in accordance with the standards of the Canadian Institute of Actuaries. The financial statement items resulting from the valuation have been determined in accordance with Section PS3250 of the PSA Handbook. The post-retirement non-pension benefits recognized during the period were $14,663 (2015 - $10,892).

The cost of post-retirement non-pension benefits is actuarially determined using the projected benefit method pro-rated on service, retirement ages of employees and expected health-care costs. The discount rate used to determine the accrued benefit obligation was determined based on the Ontario provincial bond yields. The actuarial gains and losses are amortized over the average remaining service period of active employees. Past service costs are expensed when incurred.

(in thousands of dollars)

Information about Metrolinx's post-retirement non-pension benefits is as follows:

	2016 $	2015 $
Accrued benefit obligation	151,855	149,894
Fair value of plan assets	-	-
Funded status - plan deficit	151,855	149,894
Unamortized net actuarial loss	(34,398)	(44,483)
Accrued benefit liability	117,457	105,411

Details of the accrued benefit obligation are as follows:

	2016 $	2015 $
Accrued benefit obligation - Beginning of year	149,894	112,285
Current service cost	6,729	4,896
Interest cost on accrued benefit obligation	4,446	4,579
Benefit payments	(2,617)	(2,325)
Actuarial (gain) loss on accrued benefit obligation	(6,597)	30,459
Accrued benefit obligation - End of year	151,855	149,894

Details on the post-retirement non-pension benefits expense are as follows:

	2016 $	2015 $
Current service cost	6,729	4,896
Interest cost on accrued benefit obligation	4,446	4,579
Amortization of actuarial loss	3,488	1,417
	14,663	10,892

(in thousands of dollars)

The significant actuarial assumptions adopted in measuring Metrolinx's post-retirement non-pension benefit obligations are as follows:

	2016	2015
Discount rate for post-retirement non-pension benefit	3.1%	2.9%
Discount rate for WSIB liabilities	2.6%	2.3%
Discount rate for retiree severance benefits	2.4%	2%
Expected average remaining service life for post-retirement non-pension benefit	15 years	15 years
Expected average remaining service life for WSIB liabilities	10 years	10 years
Expected average remaining service life for retiree severance benefits	5 years	6 years
Rate of compensation increase	3%	3%
Inflation per annum	2%	2%
Initial Weighted Average Health Care Trend Rate	5.4%	5.5%
Ultimate Weighted Average Health Care Trend Rate	4.3%	4.3%
Dental care benefits increase	4%	4%

16 Net assets invested in capital assets

	2016 $	2015 $
Capital assets	13,910,393	11,570,895
Deposits on land	111,153	121,389
Advances on capital projects	183,073	213,458
Less: Deferred capital contributions used to purchase capital assets	(11,854,540)	(9,734,686)
	2,350,079	2,171,056

17 Internally restricted net assets

The internally restricted net assets are as follows:

	2016 $	2015 $
MCOR	21,051	21,051
Employment obligation	889	889
Self-insured retention	2,013	2,013
Stabilization	2,379	2,379
	26,332	26,332

The Municipal Capital and Operating Restructuring (MCOR) reserve was established to assist in funding large capital expenditures.

The Employment Obligation reserve was established to assist in funding general employment related obligations of Metrolinx.

(in thousands of dollars)

The Self Insured Retention reserve was established to assist in funding any claims against the self-insured retention layer of Metrolinx's insurance program.

The Stabilization reserve was established to assist in funding fluctuations in operating and capital budgets of Metrolinx from year to year.

18 Commitments

The minimum operating lease payments in each of the next five years and thereafter are as follows:

	$
2017	26,932
2018	24,910
2019	24,113
2020	22,716
2021	22,875
Subsequent	241,027
	362,573

Metrolinx has also committed approximately $10,681,251 for various capital asset additions/projects.

A significant amount of the services provided by Metrolinx are operated and maintained by outside parties. These services are governed by the agreements with the Canadian National Railway Company (CN), Canadian Pacific Railway Company (CP), Bombardier Inc., PNR Rail Works Inc. (PNR), Toronto Terminals Railway Ltd. (TTR) and by a number of minor service agreements. Metrolinx has entered into the following major agreements for approximately $229,600 per year:

- Master Operating Agreement with CN terminating on May 31, 2017;
- Commuter Agreement with CP terminating on December 31, 2019;
- Equipment Maintenance contract with Bombardier terminating on May 31, 2023;
- Rail Crew contract with Bombardier terminating on May 31, 2023;
- Routine Track and Signal Maintenance contract with PNR terminating on June 30, 2019; and
- Rail Corridor Management Service Agreement with TTR terminating on June 30, 2019.

The remaining annual service payments relating to the AFP contract with Crosslinx Transit Solutions (note 10) aggregate to $277,673. The annual service payments relating to the AFP contract with Plenary Infrastructure (note 10) will aggregate to $535,526 after substantial completion of the project expected during the fiscal year ending March 31, 2019.

As at March 31, 2016, Metrolinx had outstanding letters of credit totalling $28 (2015 - $28).

(in thousands of dollars)

19 Contingencies

Various lawsuits have been filed against Metrolinx for incidents which arose in the ordinary course of business. Management has reviewed these claims and made provisions as appropriate. Where the outcome of a claim is not yet determinable, any settlement will be recorded when it is determined that a claim is likely to be settled and the amount is determinable.

20 Related party transactions and balances

Metrolinx had the following transactions with related parties during the year.

a) The Ontario Ministry of Government Services, Infrastructure Ontario and Ontario Northland charged Metrolinx $706 (2015 - $881), $11,654 (2015 - $30,999) and $1,921 (2015 - $5,656), respectively, during the year for the provision of services provided by these organizations. In addition, Infrastructure Ontario charged $nil (2015 - $22,674) in capital expenditures related to the Design-Build-Finance contract for the Union Pearson rail link project. At March 31, 2016, accounts payable and accrued liabilities and long-term payable included $5,152 (2015 - $9,592) and $53 (2015 - $2,903) owing to the Infrastructure Ontario and Ontario Northland, respectively.

b) Metrolinx procured four parcels of land for $nil from the Ontario Ministry of Transportation during the year. The transfer was treated as a contribution from the Province equivalent to the fair value of the asset that amounted to $13,575 (2015 - $15).

The transactions in 19(a) are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Contributions of capital assets from the Province are recorded at the fair value.

Balances due from/to the Province of Ontario are separately disclosed on the statement of financial position. Amounts are non-interest bearing with no specified terms of repayments.

21 Guarantees

In the normal course of business, Metrolinx enters into agreements that meet the definition of a guarantee.

a) In the normal course of business, Metrolinx has entered into agreements that include indemnities in favour of third parties such as purchase and sale agreements, confidentiality agreements, engagement letters with advisers and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements. These indemnification agreements may require Metrolinx to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

(in thousands of dollars)

b) Indemnity has been provided to all directors and or officers of Metrolinx including, but not limited to, all costs to settle suits or actions due to association with Metrolinx, subject to certain restrictions. Metrolinx has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a trustee, director or officer of Metrolinx. The maximum amount of any potential future payment cannot be reasonably estimated.

The nature of these indemnification agreements prevents Metrolinx from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties.

Historically, Metrolinx has not made any significant payments under such or similar indemnification agreements and therefore no amount has been recorded with respect to these agreements.